

E-commerce and consumer internet sector

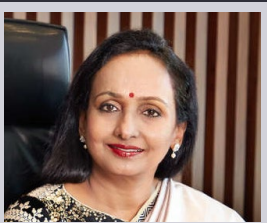
India Trendbook 2022

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Foreword



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Today, India's internet economy is at an interesting juncture. The intersection of the data revolution, pandemic induced large-scale digital adoption at a rapid pace and the rise of forward-looking entrepreneurs has brought forward immense potential for the country's digital economy. Data traffic in India has shown the highest growth of 60x globally in the last five years, and the number of online shoppers in the region has grown by over 175% during the same period.¹ With Indian consumers and businesses adopting digital channels for their day-to-day activities, the e-commerce and consumer internet sector is poised to showcase tremendous growth in the next three to five years.

The past few years have witnessed the rise of nimble, innovation-focused start-ups that are challenging traditional ways of doing things. These digital native businesses are spread across sectors such as edtech, agritech, fintech, logistics tech and online retailing. They create new categories of products and services and differentiate existing ones through the disruptive use of next-gen technologies. Many more technological innovations and enabling capabilities are likely to emerge, while the ability to connect many more people and things and engage them more deeply will continue to expand exponentially.

The internet economy has already shown it's potential to increase productivity growth in a variety of distinct, but mutually reinforcing ways such as

- ▶ significantly reducing the cost of many transactions necessary to produce and distribute goods and services;
- ▶ Increasing management efficiency, especially by enabling firms to manage their supply chains more effectively and communicate more easily both within the firm and with customers and partners;
- ▶ increasing competition, making prices more transparent, and broadening markets for buyers and sellers;
- ▶ Increasing the effectiveness of marketing and pricing; and Increasing consumer choice, convenience and satisfaction in a variety of ways.

All these factors together not only make India a huge market for Internet services, but also one of the largest ecosystems for E-commerce and Consumer Internet companies, placing it among the most attractive investment destinations globally. Private equity and venture capital investments in the sector has grown more than 6x from in the last three years, exceeding US\$38 billion in 2021.

And with no signs of investor or consumer interest (both nationally and globally) slowing down, 2022 is poised to be another peg in India's disruptive digital decade to come. India's breakneck progress in the digital space is changing the landscape of traditional industry while creating new ones that are likely to lead us into the future. With increased support ,push for innovation and encouraging consumption patterns the segment continues to be an pathbreaking one!



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Indian consumer internet and e-commerce in 2021: hotbed of growth





India's burgeoning digital economy to drive growth in internet and e-commerce

The internet and e-commerce sector in India has emerged as one of the fastest growing sectors in the country, with growth further accelerated by the shift in consumer behaviour as a result of the COVID-19 pandemic. According to industry estimates, India's consumer digital economy is expected to be a US\$800 billion market in 2030, registering a ~10x growth from 2020.² Rapid growth in the internet penetration and increasing smartphone usage are driving growth in in online activities such as e-commerce and digital payments. The pandemic has further accelerated the rise of the new-age digital consumer, positioning India among the fastest growing digital economies globally.

Digital infrastructure across key growth economies

Digital Economy Metrics	USA	China	Southeast Asia	India	
Internet penetration	89%	72%	64%	43%	Huge penetration potential
Internet users growth (2016-21)	8.3%	43%	33.3%	124%	Bharatnet to drive growth
Smartphone growth 2016-21 (no. of connections)	17.0%	30.7%	55.3%	132.2%	Highest-ever smartphone revenue, shipments in 2021
Real-time online transactions 2020	1.2 b	15.7 b	5.6 b	25.5 b	Highest real-time transactions globally in 2020
Retail e-commerce growth 2021	17.9%	18.5%	14.3%	27.0%	Fastest growing e-commerce market; among top 10 in sales
Network Readiness Rank*	4	29	NA	67	Among top 3 countries in lower middle income group

Source : ACI Worldwide, World Bank, InternetWorldStats, eMarketer, TRAI, EY analysis

*Network Readiness Rank is based on four pillars of Technology (Access, Future technologies), People (Individuals, businesses, government), Governance (Trust, regulation, inclusion) and Impact (Economy, quality of life)



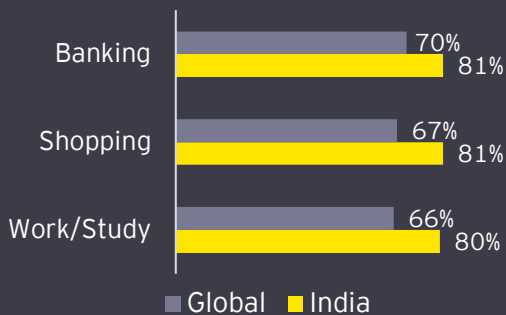


Evolving consumer behaviour, businesses embracing innovation and start-up surge powering the digital growth

Even before the pandemic disrupted our day-to-day activities, India had started moving towards the digital way of doing things – be it online shopping, cashless transactions, telemedicine, online learning or OTT media. With the COVID-19 crisis restricting movements, disrupting traditional supply chains and physical business operations, the shift to digital became essential for businesses to ensure business continuity and for consumers to carry out their day-to-day activities. The emergence of a new generation of innovation-driven entrepreneurs, supported by rapid digital infrastructure development in the country is fostering the growth of the digital economy.

Rise of the digital consumer

Indian consumers are fairly positive of the way they think technology and Internet will change their lives³



Digital-first businesses

Indian businesses across different sectors are also taking a digital route to growth⁴

- 50%** Corporates in India have a digital strategy in place
- 2x** Growth in micro businesses actively transacting online
- 75%** Kirana stores in metros are working towards going online

Emerging entrepreneurs

The past two years have seen significant growth in the Indian start-up ecosystem⁵

- 3rd** Largest start-up ecosystem globally, with 60k+ start-ups
- 90+** Unicorns in India, with 30+ Internet and e-comm unicorns
- \$38b** Funding raised by Indian start-ups in 2021

Digital India

The Government of India has rapidly adopted digital platforms for e-governance initiatives

- UPI** \$100b+ in transactions
- CoWin** 1.6b vaccinations
- Digilocker** 4.9b documents issued

Source: EY analysis, Snapbizz, Kantar, Cowin website, Digilocker website, media articles

As India develops a conducive ecosystem to cater to digital demands on the back of robust digital infrastructure, next-gen digital platforms, last mile distribution systems and digital payments, it is well placed to be among the leading digital economies globally, which also makes it an attractive investment destination for investors from across the world.





PE/VC investments in Indian internet and e-commerce witnessed 370% y-o-y growth in 2021

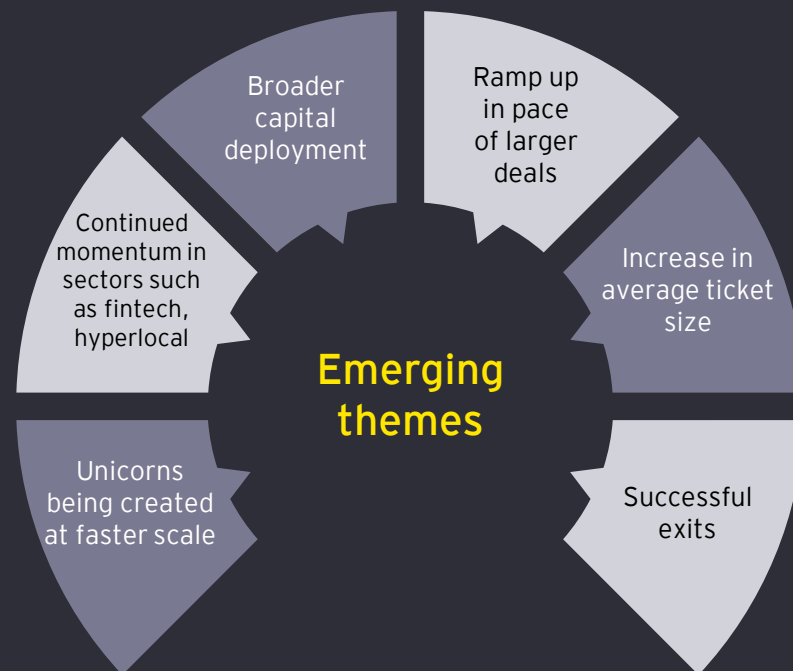
Indian internet start-ups come of age

The year 2021 was the year of start-ups in India with increased capital deployment in start-ups across different growth stages. Consumer internet and e-commerce companies raised US\$38 billion in 2021, increasing from US\$8 billion in 2020, driven by large-size investments across fintech, hyperlocal and e-commerce sectors as the Indian start-up ecosystem continues to mature.

Rise in late-stage investments also resulted in creating Indian tech unicorns, giving rise to 30+ unicorns across fintech, B2C and B2B e-commerce and payments.

As internet and e-commerce companies look to expand globally, invest in technology and increase their customer base, they are also seeking and attracting venture capital.

Rapid adoption of digital payments by businesses and consumers is driving growth in fintech and e-commerce sectors. As consumers embrace B2C platforms across sectors such as health and fitness, education, wealth and asset management and financial trading, the sector is expected to witness broad-based growth. This has strengthened investor confidence in the sector for both Indian and foreign investors, driving up the funding for internet start-ups.



E-commerce and Internet Investment overview

\$38b PE/VC Capital raised by Internet and E-commerce companies across 640 deals

370% Y-o-y growth in Internet and E-commerce investments

\$60m Average investment ticket size, growing 228% y-o-y

Highest funded sectors



FinTech



Logistics



Social

Highest growth sectors



FinTech



B2C E-commerce



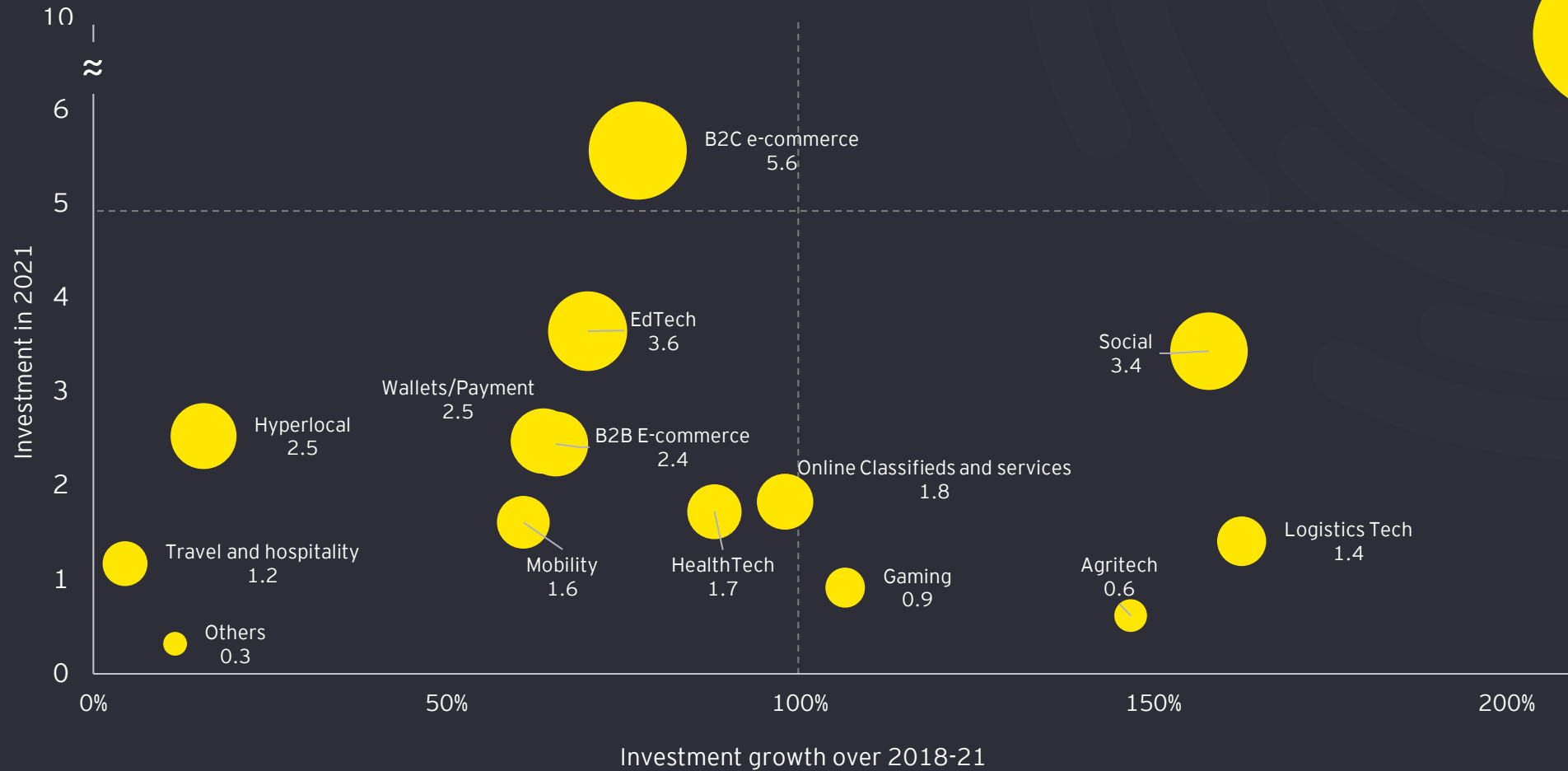
EDTech





Fintech remains the largest and fastest growing in terms of PE/VC investment

E-commerce and consumer internet sectors : investment overview





Notable growth in big ticket investments drives up the average ticket size

Shift from small ticket to large ticket investments

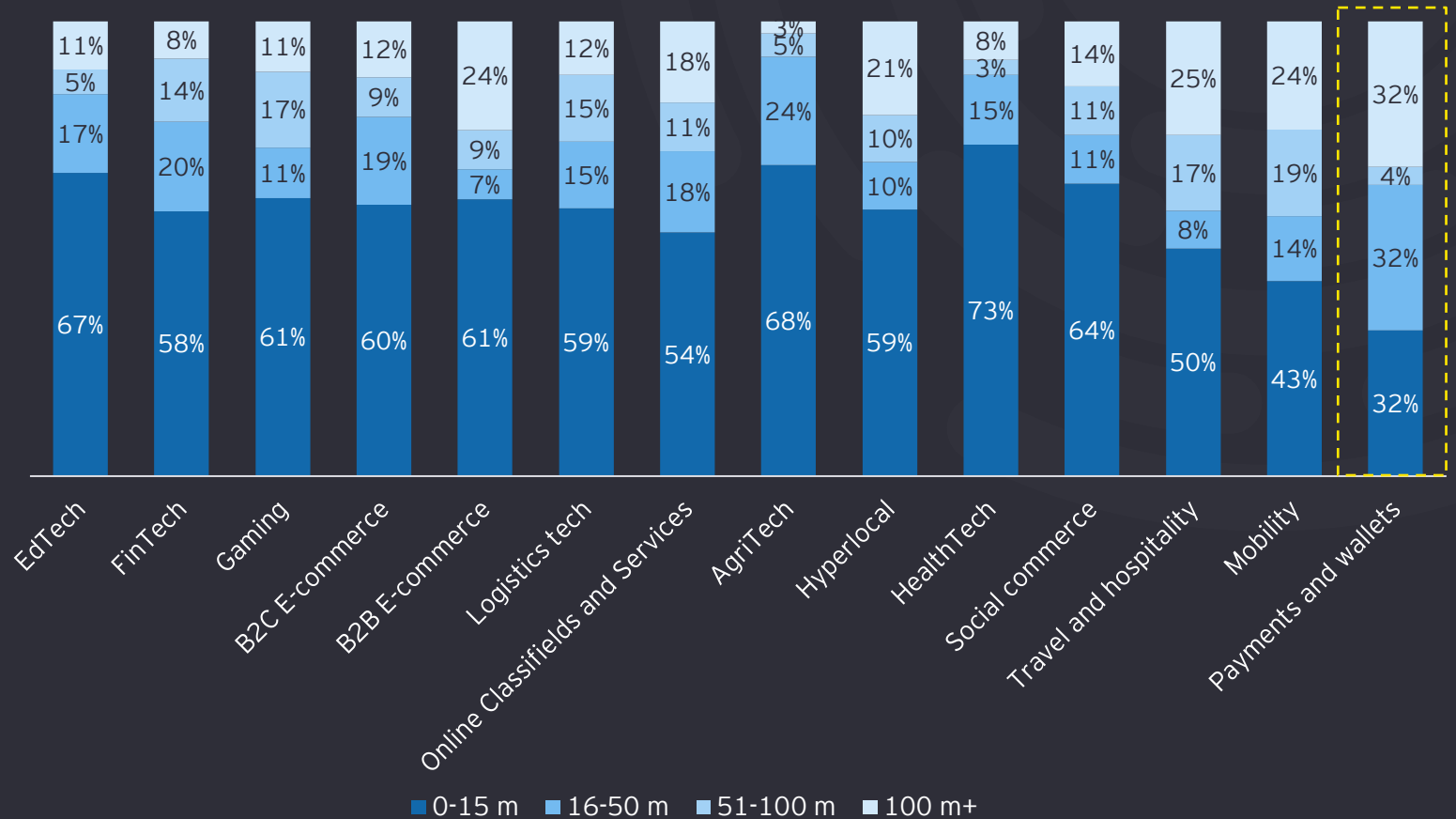
While small ticket investments in Indian e-commerce and Internet sector continue to account for over 60% of total PE/VC investments, there has been a notable increase in large ticket investments, with growth in late-stage funding.

	0-15 m	16-50 m	51-100 m	100 m+
2021	60%	16%	10%	13%
2020	80%	11%	5%	5%

The payments and wallets segment saw the largest share of 100m+ deals in 2021, with payment providers aggressively looking to expand in contactless payments. BNPL has also become a hot segment as the reach of e-commerce and payments continues to expand.

The deployment of capital has broadened in 2021, with 100m+ funding growing its share in total internet and e-commerce investments from 5% in 2020 to 13% in 2021. This has also resulted in an increase in the average ticket size, signaling Segway into the next phase of maturity in the India internet start-up ecosystem.

Breakdown of ticket sizes across sectors





Sectoral view: story of unique opportunities

EdTech, fintech, gaming, B2C e-commerce, B2B e-commerce, logistics tech, online classifieds and services, agritech, hyperlocal, healthtech, social commerce, travel and hospitality, mobility, payments and wallets





EdTech Challenging the traditional

Compelled by COVID-19 pandemic and its subsequent lockdowns, a hybrid model of education has led to expansion of EdTech companies in India. EdTech companies are expanding product offerings, establishing offline touchpoints and adopting gamification-based learning.

In 2021, EdTech companies raised ~2x PE/ VC funding and witnessed ~4x increase in M&A activities, as compared to 2020. This led to the creation of four new Unicorns during 2021-2022.⁶ Following their rapid success in India, four EdTech firms made strategic acquisition to help them expand presence in international markets.



Edtech helped democratize access to high-quality education and facilitate student engagement

Key market drivers

- ▶ Increased internet penetration
- ▶ Availability of smartphones
- ▶ Growth of B2B segment
- ▶ Cost effectiveness in online learning
- ▶ Government push for e-learning

EdTech market witnessed strong adoption in 2021, driven by increased digitization, growth in start-up ecosystem, evolving consumer base, demand for **non-academic courses** from **tier II & III cities** and the need for **personalisation**.

Start-ups looked beyond traditional segments to expand offerings in doubt solving, **coding**, **gamification** and **employability** segments. They upgraded their offering through investments into artificial intelligence (AI), virtual reality (VR) and blockchain.

This was enabled by higher PE/ VC investments into the sector, which led to EdTech emerging as the **third most funded sector** in 2021. India added **four new EdTech Unicorns** in 2021 and is home to the **largest EdTech start-up** in the world.¹⁰

Key India EDTECH STATS

US\$10.4b

Expected industry revenue in 2025⁷

US\$3.6b

PE/ VC investments in 2021 across 75 deals

6,950+

No. of start-ups⁸

6

No. of unicorns⁹

EdTech Product Categories



Primary and secondary supplemental education



Test preparation



Reskilling and upskilling



Higher education



Language and casual learning

Outlook

As schools and colleges reopen with the normalization of the pandemic situation, there is expected to be a **lower demand** for online education services. However, market is expected to witness a growing trend over the coming years driven by use of **AI and machine learning** to provide enhanced offerings such as accurate progress tracking, personalized assessment and career counselling. The **test preparation segment is estimated to expand at a robust pace** driven by shift in preference, while the language and casual learning segment is projected to expand at a steady rate, owing to **improved revenue generation from advertisements**.



EdTech companies are leveraging gamification, adaptive learning to provide hybrid modes for content delivery; planning global expansion



Innovative delivery models

- ▶ **Hybrid models of delivery:** A leading edtech firm acquired offline coaching provider to help add online learning with offline immersions
- ▶ Technology innovation with **gamification, adaptive learning** to improve user experience and learning outcomes

Strategic partnerships

- ▶ Edtech companies are partnering with start-ups, media firms and government agencies to help expand their offerings and customer base
- ▶ A leading edtech firm made strategic investment in a start-up to **expand product portfolio**



Global expansion

- ▶ Following rapid growth in India, Edtech companies are aiming to expand into international markets
- ▶ In 2021, four Indian Edtech firms made strategic acquisitions to help them **expand within US market** and enter new markets including **US, UK, Australia, Brazil, Indonesia and Mexico**

Focus on vernacular education

- ▶ Focus on **vernacular, non-academic content** amid surging demand for personalization
- ▶ Edtech start-ups have raised over ~US\$35 million (2020 - 2021) to help develop vernacular language courses



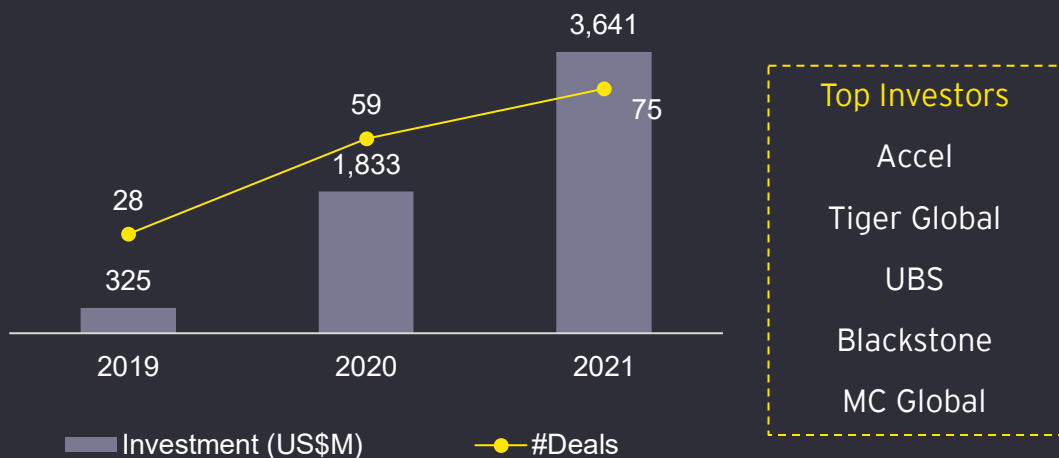
Government support

- ▶ The FY22 budget announced plans to launch a digital ecosystem for reskilling and upskilling citizens through online training
- ▶ In 2021, Indian government set up National Digital Educational Architecture to strengthen **educational digital infrastructure**, while in Nov'20, AICTE* inaugurated **46 online training academy** to train its faculty¹¹



Private equity and venture capitalists are realizing the huge potential in Indian EdTech sector

PE/VC investments in the EdTech sector (US\$ million)



Source : EY analysis, Tracxn

Top funded sub-segments

Test preparation | Online certification | K12

Key investment rationale

Growing customer base over the next five years, with 54% Indian students comfortable with online learning¹²

Pandemic induced lockdown to mandate increased EdTech adoption by conventional institutions

Test preparation emerging as a key growth segment

Key PE/VC deals in EdTech sector in 2021

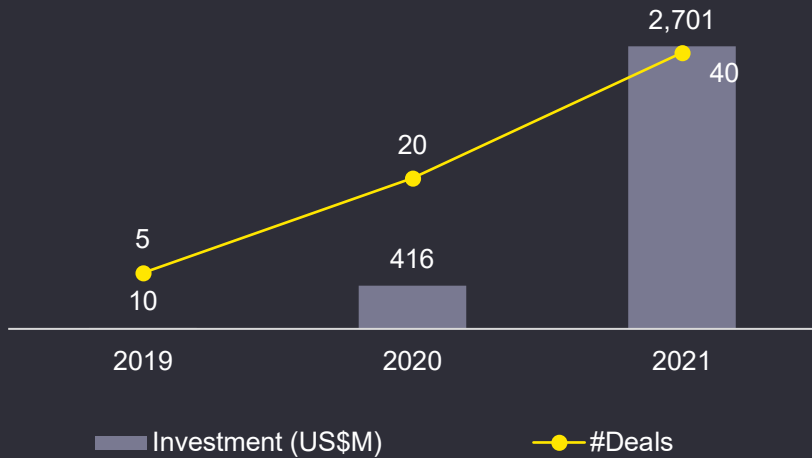
Target and funding	Investors
Eruditus US\$650 million	CPP Investment Board, Accel India Management, SoftBank Vision Fund 2, Chan Zuckerberg Initiative, Leeds Illuminate Global Fund, Prosus Ventures, Sequoia Capital India Advisors
Byju's US\$460 million	MC Global Edtech Investment Holdings, B Capital, Baron Global Advantage Fund, XN Exponent Holding, Arison Holdings, TCDS, and TIGA
Sorting Hat US\$440 million	Tiger Global Management, General Atlantic, SoftBank Fund 2, Temasek Holdings, Aroa Ventures, Mirae Asset Global Investments, Dragoner Investment, Deepinder Goyal
Byju's US\$400 million	UBS, Blackstone, ADQ, Phoenix Rising, Eric Yuan, IIFL, Maitri Edtech
Byju's US\$296 million	Oxshott Venture Fund, Edelweiss, IIFL, Veriton Fund, XN Exponent Holdings, and MarketX Ventures





EdTech firms are looking for M&As to enhance product portfolio and drive geographical expansion

M&A/Strategic investments in the EdTech sector (US\$ million)



Source : EY analysis, Tracxn

Key investment rationale

- Expand product portfolio and add technology capabilities
- Enter new markets and geographies
- Expand customer base and consolidate market position

Key M&A/Strategic investments in EdTech sector in 2021

Target and funding	Acquirer	Deal Value
Aakash	Byju's	US\$1 billion
Great Learning	Byju's	US\$600 million
epic	Byju's	US\$500 million
Tynker	Byju's	US\$200 million
Toppr	Byju's	US\$150 million
Toppr	Upgrad	US\$53.2 million



FinTech

Building future-ready banks

With one of the world's fastest-growing economies, India has also emerged as the third largest fintech ecosystem in the world. Paperless lending, mobile banking, WealthTech, InsurTech, buy now pay later and other fintech concepts are already being adopted in India. The industry is also supported by Indian government's focus on creating a cashless economy and RBI's adoption of blockchain to launch a digital currency.

In 2021, the industry witnessed ~10x increase in PE/ VC investments. India also accounted for four out of top 10 fintech deals in the Asia-Pacific region in 2021.

Indian FinTech industry continues to outpace the world with rising adoption

Key market drivers

- ▶ Increased adoption of mobile banking
- ▶ Rising financial awareness
- ▶ Focus on financial inclusion
- ▶ Rising investor interest
- ▶ Focus on digital economy

Indian fintech industry is estimated at US\$31b in 2021 and is amongst the fastest growing fintech markets in the world. Over 67% fintech companies having been setup in the last five years.¹⁵

Major economic interventions such as demonetization, promotion of digital payments through the Digital India initiative, and focus on cashless economy have led to high growth.

While digital payment and lending tech received the maximum funding in 2021, Insurtech is expected to witness rapid growth driven by increased adoption of non-life insurance covering health, education and vehicle. In 2021, the Indian government also increased FDI in the Insurtech segment from 49% to 74%.¹⁶

Key India FINTECH STATS

US\$150b

Expected industry value by 2025¹³

US\$9.0b

PE/ VC investments in 2021 across 122 deals

1,860

No. of start-ups¹⁴

19

No. of unicorns

FinTech Product Categories



LendingTech



Digital Payments



Insurtech



Net Banking



Investment Tech

Outlook

Fintech is expected to dominate the payment system given the scope for innovation, ease of implementation and wider ecosystem support. Ease in regulations regarding online mutual fund transactions and investments through e-wallet are anticipated to fuel the segment's growth. The development of open banking ecosystem further will help increase the demand for digital financial services.

The FinTech industry is also expected to welcome several new unicorns, soonicorns and smaller start-ups as well as traditional incumbents who are keen on innovating with them.



New uses cases including digital lending, wealthtech and insurtech continue to grow; RBI to launch Digital Rupee

- ▶ Rising ticket sizes and higher demand from Tier-II, III and IV markets, along with better risk management and service-delivery models is being witnessed increasingly over the last few years
- ▶ Buy now pay later: New-age consumer lending products like BNPL and payday loans fuelled investor interest in Lending tech start-ups



- ▶ Emergence of Micro-lending platforms: There is an uptrend in micro-lending start-ups that work with banks to process personal loans digitally

- ▶ Digital Rupee: In February 2022, the Indian government announced that RBI will launch a digital currency based on blockchain



- ▶ A coalition of 15 banks launched Indian Banks' Blockchain Infrastructure Company Private Limited (IBBIC) to use blockchain to process letters of credit, GST invoices and e-way bills
- ▶ India also accounted for four out of top 10 fintech deals in the Asia-Pacific region in 2021

- ▶ WealthTech: India currently has 440+ WealthTech start-ups providing personal finance management, digital brokerage, financial research and robo advisors
- ▶ InsurTech: India is also witnessing higher investments into the segment along with leveraging AI and ML to create customized product segments



- ▶ Emergence of Neobanks: The year 2021 saw the advent of neobanks, financial service providers entirely digital with no branches.

- ▶ Banks are collaborating with FinTech to clear irregularities and provide a frictionless customer experience



- ▶ An Indian bank entered into co-lending partnership with a capital market firm to provide credit to MSMEs
- ▶ A large Indian bank partnered with a fintech start-up to offer a guided and customized debt management solution

- ▶ Continuous efforts by the GoI through initiatives such as the Inter-Ministerial Steering Committee (IMSC) on Fintech, Joint Working Groups on Fintech and GIFT City to create platform for growth and innovation in the Fintech sector
- ▶ Focus on cashless economy: High growth expected toward digital payments (led by UPI)

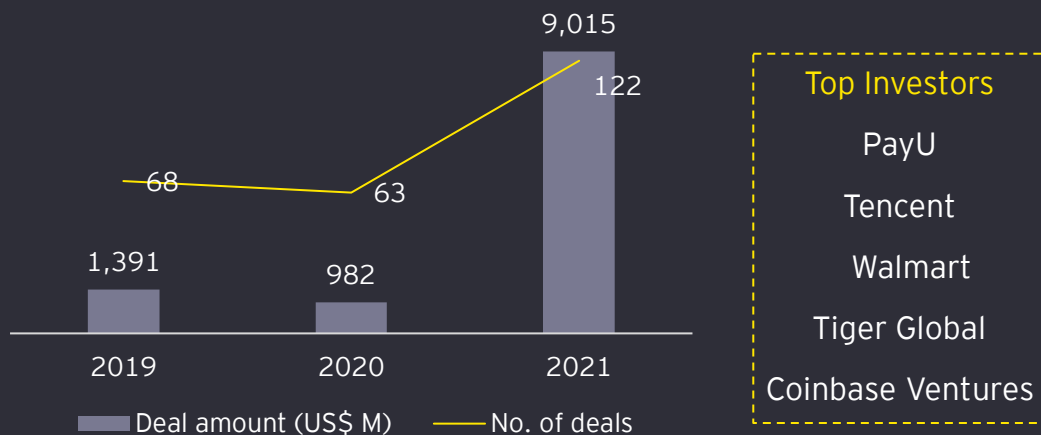


- ▶ India Stack: Open API platforms including Aadhar, UPI, Bharat Bill Payments, GSTN



Digital payments and lending tech emerge as most funded fintech sub-segments

PE/VC investments in the FinTech sector (US\$ million)



Source : EY analysis, Tracxn

Top funded sub-segments

Digital payments | Lending tech | Investment tech

Key investment rationale

India is the fastest growing FinTech market globally and leader in real-time online transactions

Growth in addressable market, innovation and fast pace of adoption presents a high market opportunity

High growth expected in Insurtech and buy now pay later segments

Key PE/VC deals in FinTech sector in 2021

Target and funding	Investors
Indialdeas.com US\$4700 million	Prosus NV (PayU)*
PhonePe US\$350m million	Walmart, Tencent, Tiger Global
Bitcipher Labs US\$260 million	Coinbase Ventures, a16z, Tiger Global, Sequoia Capital India and Paradigm
Acko Technology and Services US\$255 million	Intact Ventures Inc., Munich Re Ventures, General Atlantic, Multiples Private Equity Fund, CPP Investment Board, Lightspeed Venture Partners IX
NextBillion Technology US\$251 million	Steadfast Capital GmbH, Lone Pine Capital, Alkeon Capital Management, LLC, Iconiq Capital, Propel Venture Partners, Ribbit Capital, Sequoia Capital India Advisors, Tiger Global Management, Y Combinator Continuity Fund

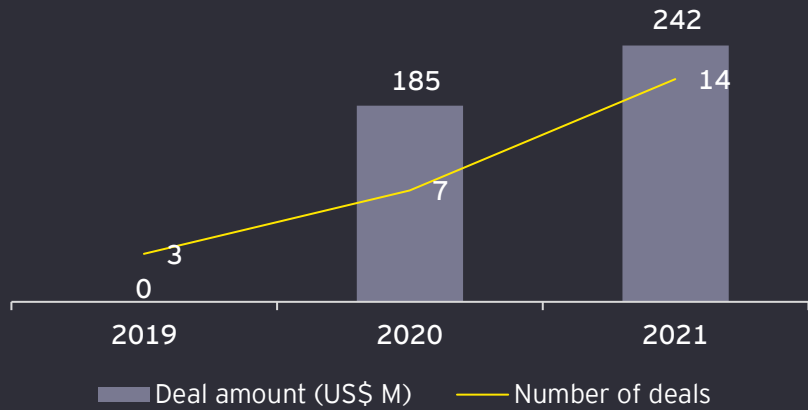
* Considered under PE as investment is done via holding company





Industry players are collaborating to drive joint innovation and enter into new markets

M&A/Strategic investments in the FinTech sector (US\$ million)



Source : EY analysis, Tracxn

Key investment rationale

- Shift in build-everything-yourself approach
- Access to new markets and geographies through acquisitions
- Legacy financial services providers increasing focus on technology

Key M&A/Strategic investments in FinTech sector in 2021

Target and funding	Acquirer	Deal Value
Paytm Insurtech	Swiss Re	US\$122.8 million
ZestMoney	Zip	US\$50 million
Kfin Technologies	Kotak Mahindra Bank	US\$42.1 million
Dinero Innovations (Finin)	Open	US\$10 million
Online PSB Loans	Investor Group	US\$6.6 million

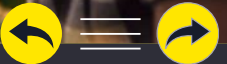




AgriTech

a move towards digitization

The pandemic has acted as a catalyst for agritech industry to shift from traditional markets towards innovative and digital ones. On-ground advisory services, small agri-retailers, and equipment manufacturers took a hit in pandemic paving the way for digital transformation. During peak of the pandemic, AgriTech sector not only outperformed other sectors, but also experienced increased pace of digitization. In the last three years, start-ups in agritech space observed significant growth alongside rising interest from investors. In 2021, agritech experienced ~1100% increase in funding compared to 2020.



AgriTech start-ups are redefining farming by leveraging modern technologies

Key market drivers

- ▶ Evolving food preferences of Indian consumers
- ▶ Increasing rural adoption of internet and smartphones
- ▶ Challenges in traditional supply chains
- ▶ Improved digital infrastructure

In the last two years, pandemic brought various challenges in agricultural sector such as lack of market access, inadequate storage facilities and poor credit facility, to the forefront. Emergence of agritech start-ups initiated technology disruption, thereby mitigating these challenges and facilitating growth and improvement in farm output, supply chain and reduction in post-harvest waste.

Evolving consumer dynamics creating the need for transparency in food supply chains, imperative to reduce food wastage, rising interest from investors along with cost and operational issues with the traditional supply chain are some of the demand-side drivers that are propelling the sector's growth. In India, demand has become organized at a much rapid pace than supply, which has attracted more interest in upstream areas such as the supply chain and services around farms and farmers.

Key India AGRITECH STATS

US\$24b

Expected Agri-Tech market potential by 2025¹⁷

1,300+

AgriTech Start-ups in India¹⁹

US\$0.8b

PE/ VC investments in 2021 across 42 deals

AgriTech Product Categories



Input market linkage



Output market linkage



Precision farming, analytics and advisory



Agri fintech



Quality management and traceability

Outlook

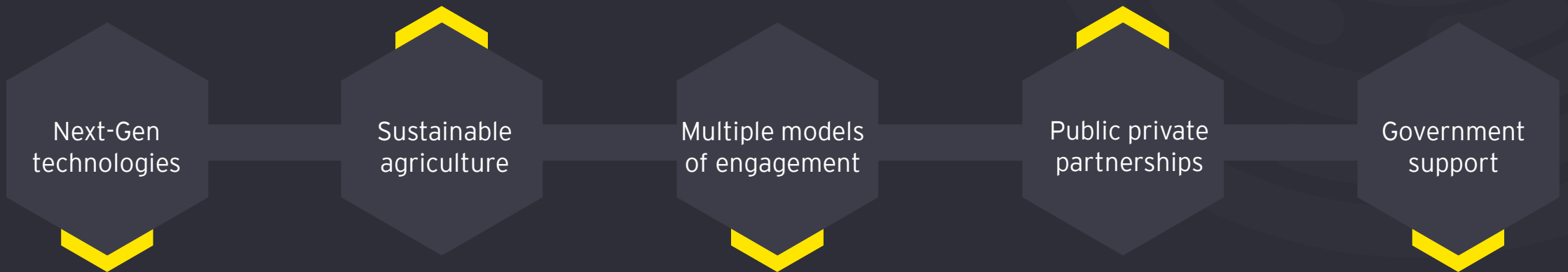
In the last three years, funding has grown nearly three times and is expected to reach US\$10 billion by 2030¹⁴. Yet the potential of the agritech sector in India has barely been tapped. Current penetration of agritech in India is less than 1% of overall Indian agritech potential¹⁴. Post-harvest platform solutions connecting different parts of the value chains, embedded with next-gen technologies are expected to be the future growth engines. The output market linkage and precision farming are expected to contribute close to 68% to total agritech market by 2025¹⁸.





Greater tech-driven innovation and deployment across value chains in the coming year

- ▶ Firms in AgriTech space can plan significant role in empowering farmers, promoting sustainable agricultural practices and reducing crop wastages
- ▶ Firms in AgriTech space are providing one-stop SaaS-based solutions platform enabling agribusinesses to increase efficiency, productivity and sustainability
- ▶ Government of India (GOI) collaborated with firms in agritech sector to help remote farmers sell their produce directly in the market using blockchain and artificial intelligence (AI) platforms
- ▶ The government partnered with AgriTech start-ups to streamline the CCE (Crop Cutting Experiment) process

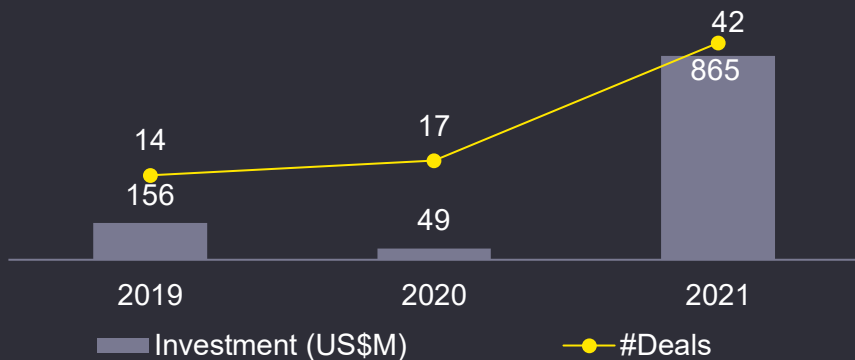


- ▶ Adoption of next-gen tech in agricultural industry is on rise with increasing accessibility of AI, smart apps, mobile apps and IoT
- ▶ Agtech firms are leveraging blockchain, to enable seamless transactions between supply chain participants thereby reducing cost
- ▶ Changing consumer needs and evolving agri-food ecosystem made AgriTech firms to adopt B2B and F2B models
- ▶ Leading agritech firm in India started as a farmer-to-consumer (F2C) venture moved onto farmer-to-business (F2B), recognising the need to address the challenges that confront the agrifood ecosystem and achieve greater scale effects
- ▶ In Union Budget 2022, GOI announced a new PPP scheme for the delivery of digital and hi-tech services to farmers, aiming to channelize public-sector research along with private AgriTech players in the agricultural value chain
- ▶ Proposed to increase drone-based technologies in agriculture, digitization of land records, and spraying of insecticides and nutrients



Transaction spaces continues to witness increased investments, with market linkage the top funded segment

PE/VC investments in the AgriTech sector (US\$ million)



Source : EY analysis, Tracxn

Top Investors

Sequoia Capital | Accel | RTP Global | Prosus Ventures | AgFunder

Top funded sub-segments

Market linkage | Agriculture equipment | Advisory

Key PE/VC deals in AgriTech sector in 2021

Target and funding	Investors
Ninjacart US\$145 million	Walmart
DeHaat US\$115 million	Sequoia Capital India VI Ltd., Prosus Ventures, RTP Global Fund III, Sofina SA, Temasek Holdings Pvt. Ltd., Lightrock India
Agrostar US\$70m million	Aavishkaar Bharat Fund, Aavishkaar India II Co. Ltd., Accel Growth Fund V L.P., Accel India V LP, Bertelsmann Corporate Services India Pvt. Ltd., Chiratae Ventures Fund II, Chiratae Ventures Fund III, Rabo Frontier Ventures, CDC Group Plc, Evolvence India Fund, Hero Enterprise, Schroders Plc
Freshvnf US\$50 million	Sixth Sense Ventures Advisors LLP, Apar Industries Ltd., Westbridge Capital Partners LLC, Equanimity Investments Fund, Manish Choksi Family Office
Captain Fresh US\$40 million	Ankur Capital Fund II, Incubate Capital Partners, Prosus Ventures, Tiger Global Management LLC, Accel India VI L.P., Matrix Partners India III



Huge market potential in agrarian India is a key investment driver while the entry of traditional players into agritech is leading to M&As

Investment drivers



Huge untapped market in India, with only 2% farmers using mobile app for farming²⁰



Emergence of output market linkage firms, that have higher potential due to the presence of big players



Growth potential in emerging segments of fresh fish and seafood segments

Key deal rationale

Traditional business entering into technology-enabled agri and food business

Enhance market linkage outreach to small traders, farmer producer organisations

Key M&A/Strategic investments in AgriTech sector in 2021

Target	Acquirer	Deal Value
PayAgri	Suumaya Innovations	US\$0.035 million
Kamatan	Samunnati	-

Source : EY analysis, Tracxn





Hyperlocal solution in a click

The hyperlocal delivery sector witnessed steady growth after facing some obstacles during the start of pandemic. The online grocery market observed 70% growth in 2021²¹ while online food delivery witnessed 19% growth in 2021²². Factors such as urbanization, tech-savvy consumers and changing consumer behaviour with more shift towards convenience fuelled by the pandemic are driving the growth of hyperlocal sector. Initiatives such as 'no-contact delivery' and 'online payments' further made it more convenient for customers to use hyperlocal platforms.



Increasing demand from tier-2 and tier-3 cities and the growing acceptance of online delivery are key drivers in hyperlocal marketplace

Key market drivers

- ▶ Changing consumer behavior with focus on convenience
- ▶ Rising demand from tier-2 and tier 3 cities
- ▶ Growing acceptance of online delivery
- ▶ Rising digital adoption by SMEs and unorganized retail

Currently, ~23% of the internet subscribers in India are online shoppers compared to ~10% last year.²³ This indicates an increasing trust of customers on online shopping which is eventually increasing the usage of hyperlocal e-commerce. Hyperlocal economy experienced a drastic change due to the pandemic as companies and consumers relied on locally available products and resources, thereby increasing demand on hyperlocal platforms.

Customer expectation of quick deliveries is driving e-commerce giants to enter into hyperlocal business. Firms in hyperlocal space are integrating with e-commerce companies to deliver goods across different categories which not only enhance customer experience, ensuring safety, comfort and speed, but also saves time and cost related to supply chain.

Key India HYPERLOCAL STATS

US\$367b

Online grocery market in 2021²¹

US\$406b

Online food delivery market in 2021²²

23m

Number of active users in online grocery market²⁴

US\$2.2b

PE/ VC investments in 2021 across 24 deals

Hyperlocal Product Categories



Quick commerce / Grocery delivery



Food delivery



Home utility



Logistics services



Others

Outlook

Rising adoption of digital technologies such as blockchain, AI, ML and big data is expected to drive future growth, equipping hyperlocal players with the capability of providing superfast deliveries coupled with hyper-personalized customer experience. While hyperlocal deliveries saw a boom during the pandemic, the trend is expected to continue in the long-term even in the post-pandemic world, with rapid urbanization and changes in consumer lifestyles. The online grocery market is expected to grow at CAGR of 29% during 2021-26 to reach US\$1,311 billion by 2026²¹ while online food delivery market is forecasted to grow at CAGR of 30% during same period to reach US\$1,515 billion by 2026²².





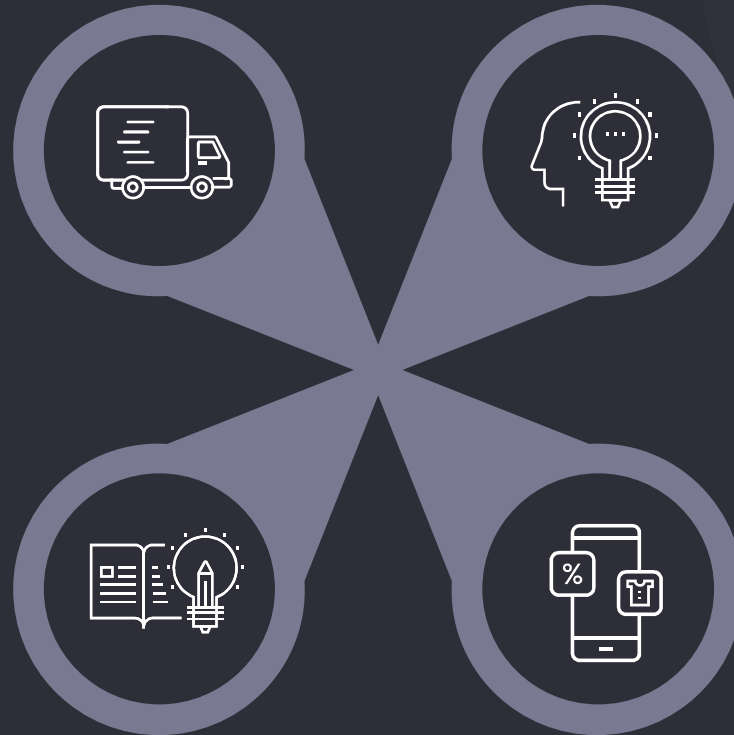
Firms in hyperlocal space are expanding into adjacent segments and restructuring deliveries to drive growth

Restructuring deliveries

- ▶ During the pandemic, firms in hyperlocal space, restructured the management of deliveries and leveraged automation in the process to a greater extent
- ▶ Hyperlocal delivery companies are exploiting technology for route optimization, maintaining delivery associate compliance, demand forecasting, order planning and to automate the logistics operations

Portfolio diversification

- ▶ Firms in hyperlocal space revamped their strategy by diversifying their product portfolio in order to their enhance growth
- ▶ One of the firms in electric e-rickshaw ride sharing business, diversified into hyperlocal delivery business, creating an option for their driver partners to use e-rickshaws for both ride and delivery business



Changing consumer behavior

- ▶ The pandemic has shifted the consumer behavior from value seeking to convenience seeking, leading to daily/weekly and small sized purchases, rather than monthly and large sized.
- ▶ India's leading e-com conglomerate has experienced 2x growth in revenue and customers in its hyperlocal delivery platform while clocked 25x increase in hyperlocal orders in 2021²⁵

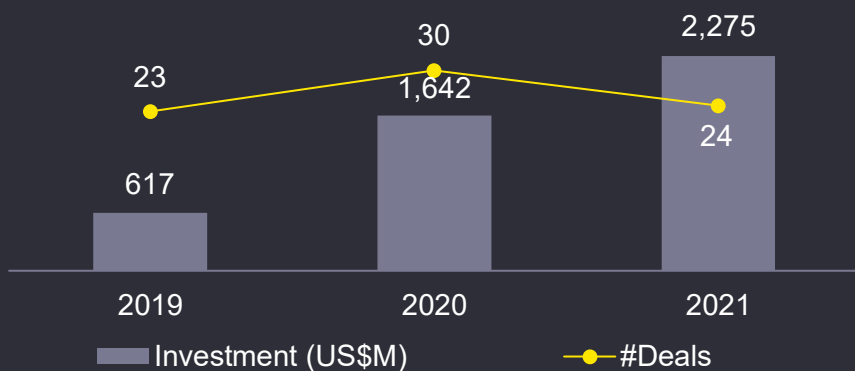
Focus on building SuperApp

- ▶ Many hyperlocal e-commerce firms are building SuperApp to bundle all their services which can be offered to customers
- ▶ India's top business groups are scouting for acquisition targets to offer additional goods and services under their "super app" umbrella



Transactions activity witnessed increased investments in 2021 with focus on food and grocery delivery

PE/VC investments in the Hyperlocal sector (US\$ million)



Source : EY analysis, Tracxn

Top Investors

Tiger Global | Accel | Softbank Vision Fund | Prosus Ventures

Top funded sub-segments

Food delivery | Grocery delivery | Packed foods

Key PE/VC deals in hyperlocal sector in 2021

Target and funding	Investors
Swiggy US\$800 million	Falcon Edge Capital LP, Prosus Ventures, Accel India IV LP, Think Capital Pvt. Ltd., Amansa Capital Pte. Ltd., Carmignac Gestion S.A., Goldman Sachs Group Inc., The Qatar Investment Authority, GIC Pvt. Ltd.
Swiggy US\$450 million	Softbank Vision Fund 2
Zomato US\$319 million	YV Capital, D1 Capital, Steadview, MVP Fund
Zomato US\$250 million	Tiger Global, Kora Investments, Steadview, Fidelity, Bow Wave, Vy Capital, Dragoneer Group
Zepto US\$100 million	Y Combinator, GFC Global Founders Capital GmbH, Contrary Capital Management II LLC, Glade Brook Capital Partners LLC, Nexus India Capital Advisors Pvt. Ltd., Breyer Capital LLC, Lachy Groom





Digitization of unorganized retail makes hyperlocal attractive for investments; industry players collaborate for portfolio expansion

Investment drivers



Presence of huge unorganized retail providing a large target addressable market



Increasing understanding of consumer behaviour leading to successful business models



Potential use of automation and autonomous deliveries to help achieve unit economics

Key deal rationale

Expanding product portfolio in adjacent segments

M&As by large conglomerates to build a super app

Key M&A/Strategic investments in AgriTech sector in 2021

Target	Acquirer	Deal Value
Grofers	Zomato	US\$100 million
Milkbasket	Reliance Retail	US\$40 million
Localbuy	First Cheque	US\$0.8 million

Source : EY analysis, Tracxn





Gaming

competition in the digital era

India has emerged as one of the fastest-growing gaming markets in the world driven by ~450 million gamers, 20% paying user conversion rate, and a world leading new time paying users rate at 50%. Start-ups leveraged emerging use cases such as in-app purchases, real money gaming, virtual gifting, tipping, and subscriptions to further drive this growth. 2021 saw the emergence of India's second gaming unicorn as the sector witnessed increased PE/ VC investments.

Overall, the Indian gaming industry is expected to grow 3x by 2027 as the country transitions from a net importer of global gaming titles to a global exporter of content and intellectual property.



Emerging gaming segments and increase in paying user base will drive market growth; Real gaming segment leads by market share

Key market drivers

- ▶ Growth of local game developers
- ▶ Emerging gaming genres
- ▶ Large gaming audience
- ▶ Higher disposable income
- ▶ Ease of transactions

Indian gaming market grew by **22% YoY** to reach **US\$2.2 billion in 2021**. Real money gaming accounted for 54% market share by revenue stream, followed by in-app purchases at 26% and ad revenue at 15%.²⁶

This rapid growth is enabled by ~450 million gamers (2021) and a **paying user conversion rate of 20%**. India's percentage of first new time paying users in gaming is the **fastest growing in the world** at 50% (2021), up from 40% in 2020. Novel forms of monetization such as **virtual gifting, tipping, and subscriptions** are also seeing traction.

Newforms of gaming such as hyper casual, social games, esports, real money games, increased local production and **Indianization of content** to include vernacular language options has further expanded the user base.

Key India GAMING STATS

US\$7b

Expected industry value by 2026

US\$0.9b

PE/ VC investments in 2021

920

No. of start-ups²⁷

2

No. of unicorns²⁸

Gaming Product Categories and market share (2021 vs 2020)



Casual and Hyper casual (24% ↓1%)



Mid and hardcore (19% ↓3%)



Real Money Gaming (52% ↑3%)



PC and console (3% =)



Esports (2% ↑1%)

Outlook

Indian gaming market is expected to grow at ~30% CAGR over FY21-FY26. This growth will be driven by in-app purchases (CAGR 40%) and **real money gaming** (CAGR 30%) segments. While Indian gaming population is expected to increase by **1.75x** over CY20-CY25E, paid gamers are expected to reach **~240 million** by 2026, from 96 million in 2021.

This rapid growth will be enabled by successful upscaling in gaming firms and their ability to popularize and **mainstream mobile gaming** among Indians.



Real money games and e-sports to drive future growth; gaming companies plan international expansion

Growth in Esports

- ▶ E-sports and streaming expected to grow at 40-45% CAGR during 2022-2027
- ▶ The prize money from e-sports tournaments is expected to increase 4x to reach US\$14.3 million in 2021 in India

Real money games

- ▶ Banking on the familiarity of the Indian 13 card poker game (rummy), several game publishers have taken this version of mobile gaming and found success with a few applications crossing 10 million downloads
- ▶ Capitalizing on the popularity for cricket in India, fantasy sports with real money betting has one of the largest paying user bases in India



Focus on game development

- ▶ In the past 2-3 years, more than 200 game development companies have been launched, creating their own intellectual properties (IPs) in games²⁹
- ▶ Technological innovations such as artificial intelligence, machine learning and cloud services are also democratizing game development, helping enhance the gameplay experience

International expansion

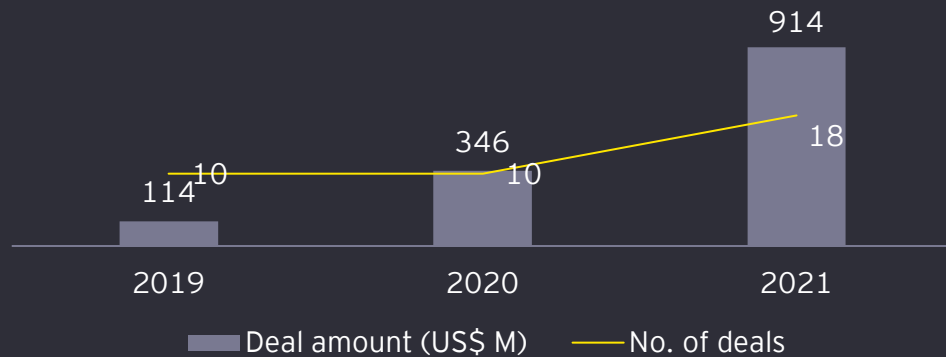
- ▶ Gaming companies plan to scale up internationally after validating their business models in India
- ▶ A leading India-based gaming company entered the US market in 2021 and plans to continue its global expansion

Vernacular content

- ▶ Introduction of vernacular languages and Indian themes are expanding the addressable user base
- ▶ Monetizable vernacular user base is estimated at ~400 million by 2023
- ▶ More than 60% gamers are willing to play games with an Indian central theme or characters like from mythology or celebrities³⁰

Gaming sector witnessed ~2.5x increase in PE/ VC deals; mobile gaming and Social gaming platforms lead

PE/VC investments in the Gaming sector (US\$ million)



Source : EY analysis, Tracxn

Top Investors

Steadview Capital Management | Plutus Wealth Management | Go Ventures | Composite Capital | Makers Fund

Top funded sub-segments

Mobile gaming platform | Social gaming platform | Real money quizzing

Key investment rationale

Presence of huge unorganized retail providing a large target addressable market

Potential growth in customer traction driven by awareness and engagement

Under-indexed market in terms of consumer spends presents high future opportunity

Key PE/VC deals in Gaming sector in 2021

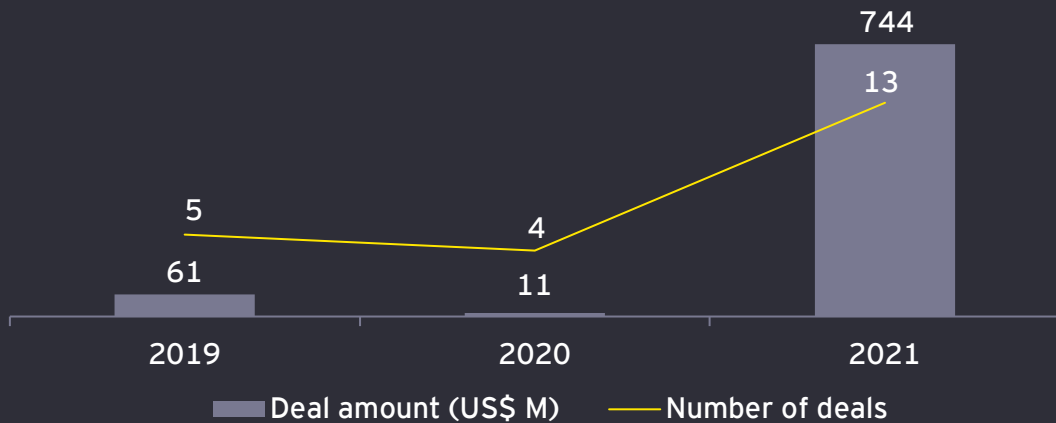
Target and funding	Investors
Sporta Technologies US\$400 million	Steadview Capital Master Fund, Tiger Global Management, TPG Tech Adjacencies, ChrysCapital Investment Advisors India, Footpath Ventures SPV I LP, TCMI, Inc., D1 Capital Partners, Falcon Edge Capital
Galactus Funware Technology US\$150 million	Go Ventures, Sequoia Capital India V, RTP Global Advisors, Base Partners, Moore Capital Management, Telstra Ventures, Founders Circle Capital LP, Play Ventures, Legatum Ventures, SIG Global India Fund I, LLP
Galactus Funware Technology US\$95 million	Composite Capital Management HK, Moore Capital Management, Telstra Ventures, Base Partners, Go Ventures, RTP Global Advisors, SIG Global India Fund I, LLP, Founders Circle Capital LP, Play Ventures
Nazara Technologies US\$68 million	Plutus Wealth Management
Tictok Skill Games US\$65 million	Makers Fund, Griffin Gaming Partners





Gaming M&A witnessed exponential rise primarily led by MTG's acquisition of PlaySimple Games

M&A/Strategic investments in the Gaming sector (US\$ million)



Source : EY analysis, Tracxn

Key deal rationale

Strategic value creation: build a portfolio that is diversified in terms of genres, audiences, and revenues

Expand/ enter Indian market

Expand product portfolio: Expand offering in real money gaming segment

Key M&A/Strategic investments in Gaming sector in 2021

Target	Acquirer	Deal Value
PlaySimple Games	Modern Times Group	US\$510.6 million
Moonfrog	Stillfront Group	US\$90 million
Junglee Games	Flutter Entertainment	US\$67.3 million
OpenPlay	Nazara Technologies	US\$25.1 million
Nodwin Gaming	Krafton	US\$22.4 million





Health-tech reshaping Indian healthcare

The Covid-19 pandemic has highlighted the gaps in the healthcare system and also brought in opportunities for health-tech firms to address these gaps. It acted as a catalyst to accelerate acceptance of digital healthcare in India. Low doctor to patient ratio and lack of proper health infrastructure further provide a huge opportunity for start-ups to dive into healthcare space.

HealthTech start-ups dwelling in online medicine delivery, digital consultation and technology solutions became popular in last two years which attracted investors attention. Currently, India ranks fourth globally for VC investments in HealthTech as funding increased by 630% in 2021. In M&A activities, sector witnessed ~2x growth in 2021 as compared to 2020. These transactions led to the creation of four unicorns in HealthTech space in 2021.³¹



Health-tech firms saw tremendous increase in consumer adoption in e-pharmacy and teleconsulting space

Key market drivers

- ▶ Increased people focus on health & fitness
- ▶ Rising demand from tier-2 and tier 3 cities
- ▶ Robust M&As in the sector
- ▶ Focus on digital economy

Covid-19 exposed the dire state of India's health care system but measures taken such as lockdown and social distancing turned out to be blessing in disguise and a growth driver for HealthTech start-ups. The digital technology played a vital role to make healthcare accessible and affordable for the masses. HealthTech start-ups gain strong foothold as pandemic pushed acceptance of online delivery of medicines, digital and tele-health, and remote patient monitoring.

More than 85% of doctors adopted teleconsultation platforms which was less than 10% prior to the pandemic. Number of teleconsults increased by 300%, with 45% of them coming from non-metro cities indicating inclination towards digital consultation by patients. The number of e-pharmacy users increased to nine million households during pandemic from 3.5 million households before pandemic and is forecasted to reach 75 million households in next five years as more than 70% e-pharmacy users are willing to stick to the online platforms.³²

Key India HEALTH-TECH STATS

US\$50b

Expected health-tech market by 2033³³

40m

Job opportunities to be created by 2030³³

6,878

HealthTech Start-ups in India³⁴

US\$1.7b

PE/ VC investments in 2021 across 59 deals

HealthTech Product Categories



Telemedicine



E-pharmacy



Fitness & wellness



Healthcare IT and Analytics



Home healthcare



Personal health management

Outlook

The India's HealthTech market is valued at US\$2 billion, which is less than 1% of the total healthcare industry, showcasing huge untapped market in the space.³⁵ Funding has increased threefold in last three years indicating growing interest of investors in the sector. Changing consumer perspective towards digital healthcare, government initiatives and usage of next-gen technologies by HealthTech firms are some of the factors which will drive growth in HealthTech space.

In last two years, health-tech space has been in the spotlight with rapid advancements in technology and increasing adoption of digital healthcare



OPENNESS TOWARDS HEALTHTECH SOLUTIONS

- ▶ Pandemic highlighted the **influence of technology on healthcare system** to the people, amazing them with its features and advanced applications
- ▶ Patients are actively looking to access HealthTech solutions while hospitals are adopting **virtual care setup and digital care management platforms** as patients are desperately seeking them



ADOPTION OF CLOUD TECHNOLOGY

- ▶ HealthTech firms are increasingly adopting cloud computing to improve **patient care**, collaboration, data accessibility and enhanced security
- ▶ One of the firm in HealthTech space with extensive focus on critical care, has developed **ICU management cloud platform**, which helps in managing critically ill patients remotely



INCREASING USAGE OF PREVENTIVE HEALTHCARE AND TELEMEDICINE

- ▶ Pandemic propelled demand for preventive healthcare among people as HealthTech firms operating in **preventive healthcare witnessed 30X growth since 2020**³⁶
- ▶ With people turning more towards **digital consultation** supported by **increasing digitization** in the country, the Indian telemedicine market stood at US\$1.3 billion in 2021³⁷ which is further forecasted to reach US\$7.1 billion in 2026³⁸



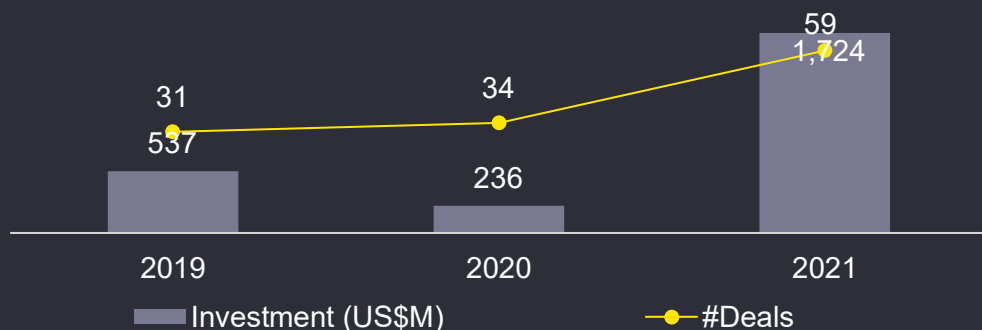
GOVERNMENT INITIATIVES

- ▶ GOI promoted various initiatives to boost technology adoption in healthcare system; launched **Ayushman Bharat Digital Mission (ABDM)** to develop the foundation necessary to support the integrated digital health infrastructure of the country
- ▶ Government launched **eSanjeevani**, a web-based online telemedicine initiative, to provide healthcare services to patients at home



HealthTech start-ups have significantly attracted investors, resulting in sharp rise in PE/VC investments in the space

PE/VC investments in the HealthTech sector (US\$ million)



Source : EY analysis, Tracxn

Top Investors

Tiger Global | Accel | Steadview Capital | TPG Global | Prosus Ventures

Top funded sub-segments

Healthcare platform | Online retailing | Fitness platform

Investment Drivers

Growing demand for technology platforms from pharmaceutical, biotechnology and medical device companies

Increasing focus on healthcare and physical & mental wellbeing

Underpenetrated insurance market, with digital distribution accounting only 1% of the industry showcasing opportunity for health insurance³⁹

Key PE/VC deals in HealthTech sector in 2021

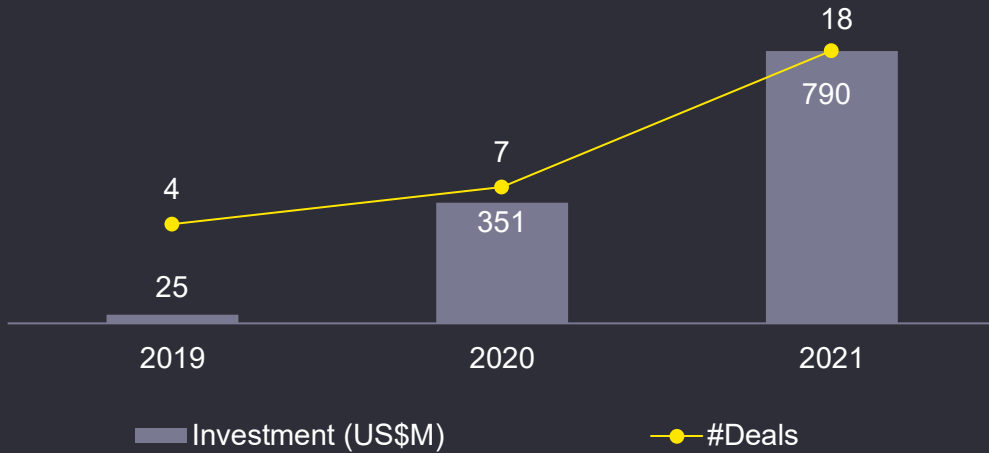
Target and funding	Investors
Pharmeasy US\$350 million	Steadview Capital Management LLC, Worldwide Healthcare Trust PLC, Amansa Capital Pte. Ltd., Neuberger Berman Group LLC, Sarv Investments Pvt. Ltd., ApaH Capital (Blackstone), Janus Henderson, OrbiMed, ADQ, Sanne Group
Pharmeasy US\$300 million	TPG, Singapore's Temasek, Facebook co-founder Eduardo Saverin's B Capital, Prosus (previously Naspers) and Think Investments, Kotak PE
Curefit US\$145 million	Accel, Temasek, South Park Commons, Zomato
Innovaccer US\$105 million	Microsoft's Venture Fund, Dragoneer Investment Group LLC, Tiger Global Management LLC, Mubadala Investment Co., Steadview Capital Master Fund Ltd., B Capital Fund L.P., Ontario Municipal Employees Retirement System
HealthifyMe Wellness US\$75 million	Leapfrog Investments Ltd., HealthQuad Advisors Pvt. Ltd., Unilever Ventures Ltd., Chiratae Ventures, Inventus Capital Partners Fund II, Sistema Asia Fund Pte Ltd., Khosla Ventures Advisory Services Pvt. Ltd.





Firms in HealthTech space are looking for M&As to enhance product portfolio

M&A/Strategic investments in the HealthTech sector (US\$ million)



Source : EY analysis, Tracxn

Key deal rationale

Creating integrated digital ecosystem addressing consumer needs

Expanding product portfolio in adjacent segments

To facilitate, enable and promote efficient supply chain and distribution IT ecosystem

Key M&A/Strategic investments in HealthTech sector in 2021

Target	Acquirer	Deal Value
1mg	Tata Digital	US\$230 million
Aknamed	Pharomeasy	US\$190 million
Curefit	Zomato	US\$100 million
Curefit	Tata Digital	US\$75 million
Fitso	Zomato	US\$50 million





B2C e-commerce competition in the digital era

Driven by innovative business models such as direct to consumer (D2C), Q-commerce and social commerce, and a focus on providing an omni-channel experience, B2C e-commerce continued its rapid growth. While fashion and personal care witnessed frequent purchases, the growth was also led by emerging segments including healthcare, pharma, home décor and sports equipment.

In 2021, the segment witnessed increased investor interest, with PE/ VC funding increasing by 15x while the M&A activities increased by 4.5x on a yearly basis. This led to the creation of seven new Unicorns during 2021-2022. Further, over US\$300 million has been invested in Indian start-ups based on the innovative Thrasio concept.



E-commerce market continues its rapid growth driven by innovative use cases, omni-channel presence and growing consumer awareness

Key market drivers

- ▶ Innovative business models
- ▶ Increasing disposable income
- ▶ Rise of mobile commerce
- ▶ Payments modernization
- ▶ Growth of logistics and warehousing

The Indian B2C e-commerce market is expected to reach US\$56.6 billion in 2021 driven by increase in number of online shoppers and increasing market penetration in **tier 2 and 3 cities**. This growth is further supported by rising popularity of the **D2C model**, emergence of the **Thrasio model**, focus on omni-channel presence, and growing popularity of **content commerce**. During 2021 festive season, **online sales grew by 23%** in gross merchandise value, reaching US\$9.2 billion, as compared to US\$7.4 billion in the previous year.⁴⁰

In 2021, several Indian star-ups launched their own online platforms as search interest in D2C brands rose by **533% YoY**. While several big conglomerates are investing in e-commerce start-ups, they also plan to launch their own **marketplace models**.

Key India B2C E-COMMERCE STATS

US\$200.0b

Market opportunity by 2026⁴¹

US\$5.8b

PE/ VC investments in 2021 across 62 deals

4,658

No. of start-ups⁴²

15

No. of unicorns⁴³

B2C E-commerce Categories



D2C



Social commerce



Marketplace (Vertical)



Marketplace (Horizontal)



Ecommerce enabler



Recommerce

Outlook

E-commerce is expected to capture **11.4%** of total Indian retail market by 2026. D2C segment is expected to grow at CAGR **25%** during 2021-2025 with the fashion market expected to have 53% share within the segment. Social commerce and live commerce are expected to reach **US\$16 billion** and **US\$4 billion** gross merchandise value by 2025.⁴⁴

Technology-enabled innovations, such as **digital payments, warehousing and logistics**, customer engagement, and increasing **consumer awareness**, are likely to support this growth.



D2C and Thrasio model present huge opportunity; e-commerce firms focus on customer experience and increased penetration in tier 2, 3 cities

D2C

- ▶ The pandemic has accelerated growth of major D2C brands and those with dedicated websites recorded **88%** rise in consumer demand
- ▶ Traditional FMCG companies have also started investing to develop their own websites
- ▶ India's D2C sector is expected to be worth **US\$100 billion** by 2025 ⁴⁵

Assisted commerce

- ▶ Retail brands are partnering with e-commerce organizations allowing customers to **place order online through a merchant shop** and the product is delivered either to the shop or to the customer's address

Content commerce

- ▶ E-commerce firms are leveraging short-format videos, influencer marketing as social media consumption continues to rise

Omni-channel strategy

- ▶ According to a survey in 2021, **74% shoppers** in India are omni-channel buyers ⁴⁸

Fashion and Personal care

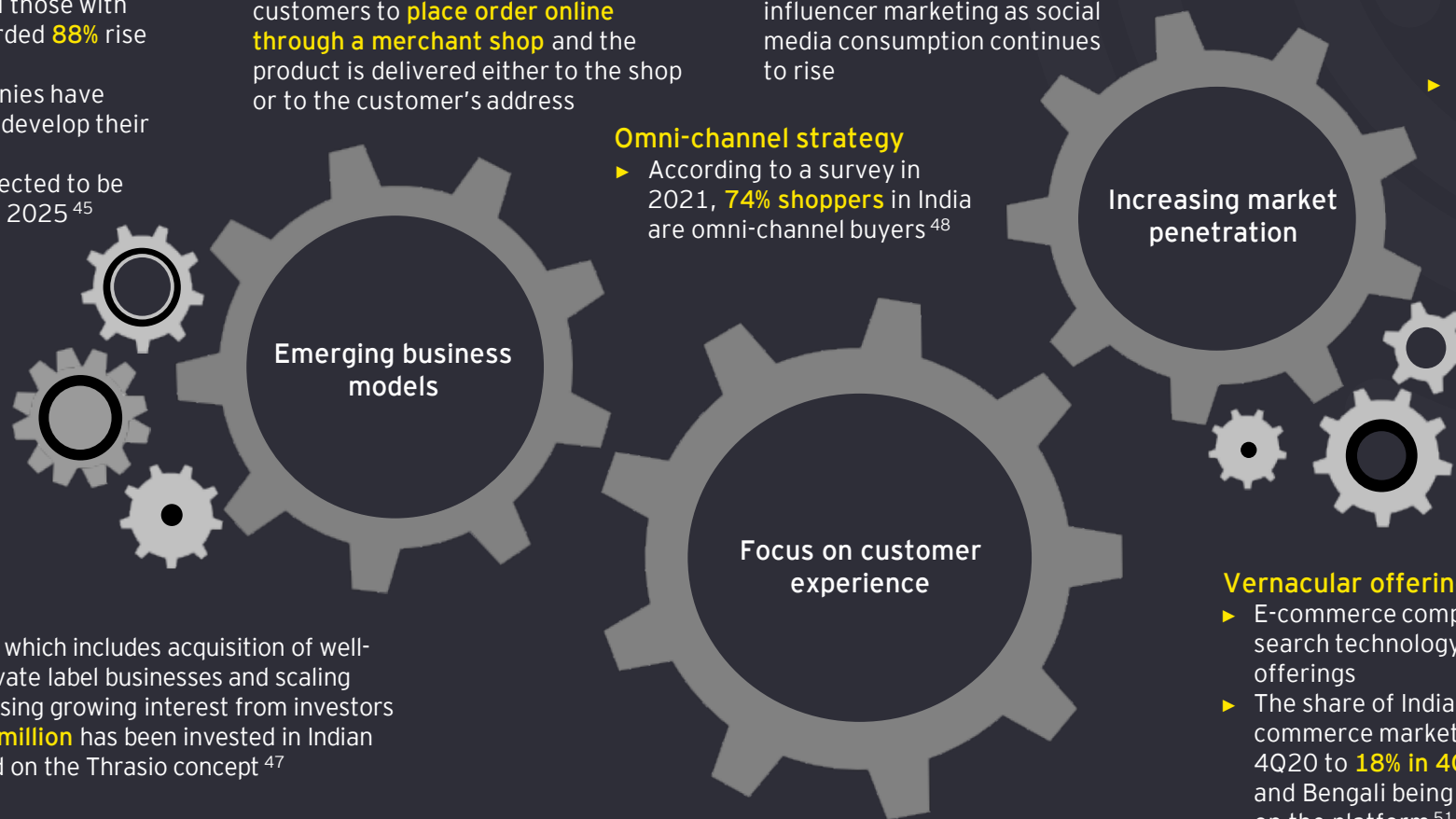
- ▶ Fashion segment witnessed **368% YoY growth** while beauty e-commerce apps grew by **64% YoY in 2021** ⁴⁹
- ▶ Factors such as high repeat purchase cycles, and frequent purchase during lockdown has led to habit formation, resulting in continuous segment growth

Growth in Tier 2 cities

- ▶ E-commerce transactions in Tier II cities reached an all-time high, rising by **82% in 2021** ⁵⁰

Thrasio model

- ▶ Thrasio model, which includes acquisition of well-performing private label businesses and scaling them, is witnessing growing interest from investors
- ▶ Over **US\$300 million** has been invested in Indian start-ups based on the Thrasio concept ⁴⁷



Increasing market penetration

Emerging business models

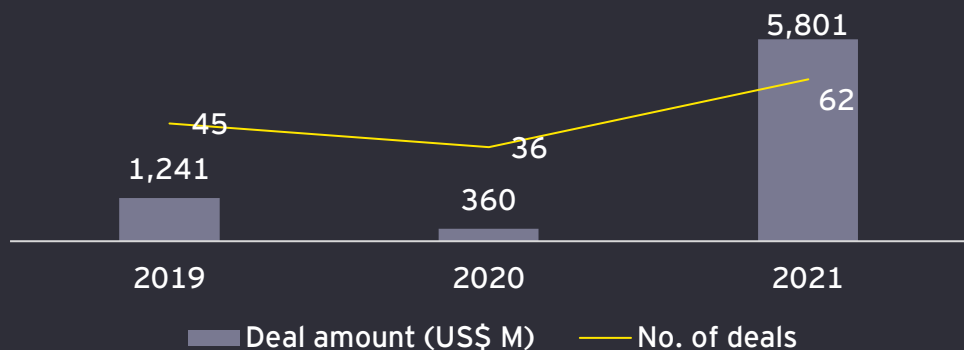
Focus on customer experience

Vernacular offerings

- ▶ E-commerce companies have adopted voice search technology and are creating vernacular offerings
- ▶ The share of Indian-language users on a leading e-commerce marketplace increased from 12% in 4Q20 to **18% in 4Q21** with Hindi, Tamil, Telugu and Bengali being the most widely used languages on the platform ⁵¹

B2C witnessed ~15x increase in PE/ VC funding in 2021, marketplace and D2C segments lead

PE/VC investments in B2C E-commerce sector (US\$ million)



Source : EY analysis, Tracxn

Top Investors

Qatar Investment Authority | Amazon | Tiger Global | CPP Investment Board | Chrys Capital

Top funded sub-segments

Marketplace | D2C

Key PE/VC deals in B2C E-commerce sector in 2021

Target and funding	Investors
Flipkart US\$3,600 million	The Qatar Investment Authority, SoftBank Vision Fund 2, Tiger Global Management, Tencent Holdings, Walmart, GIC, Khazanah Nasional Berhad, Willoughby Capital Holdings, LLC, Franklin Templeton Investments, CPP Investment Board, Antara Capital
FSN E-Commerce Ventures (Nykaa) US\$324m million	CPPIB, GIC, Blackrock and Fidelity
BrainBees Solutions (Firstcry) US\$313 million	Chryscapital, TPG Growth V LP, Premjiinvest
Delightful Gourmet Pvt. Ltd. (Licious) US\$192 million	Vertex Ventures SEA III, Vertex Growth Fund, 3one4 Capital Advisors LLP, Bertelsmann Corporate Services India Pvt. Ltd., Brunei Investment Agency, Multiples Alternate Asset Management, Multiples Private Equity Fund, Temasek Holdings Pvt
Sanghvi Beauty and Technologies US\$150 million	Amazon.com, Amazon.com NV Investment Holdings, Ascent Capital Advisors India, Bessemer Venture Partners, L'occitane International SA, Mankekar Family Office, Prosus Ventures, Warburg Pincus, Alteria Capital Advisors

Key investment rationale

Huge market opportunity for D2C, social commerce and live commerce

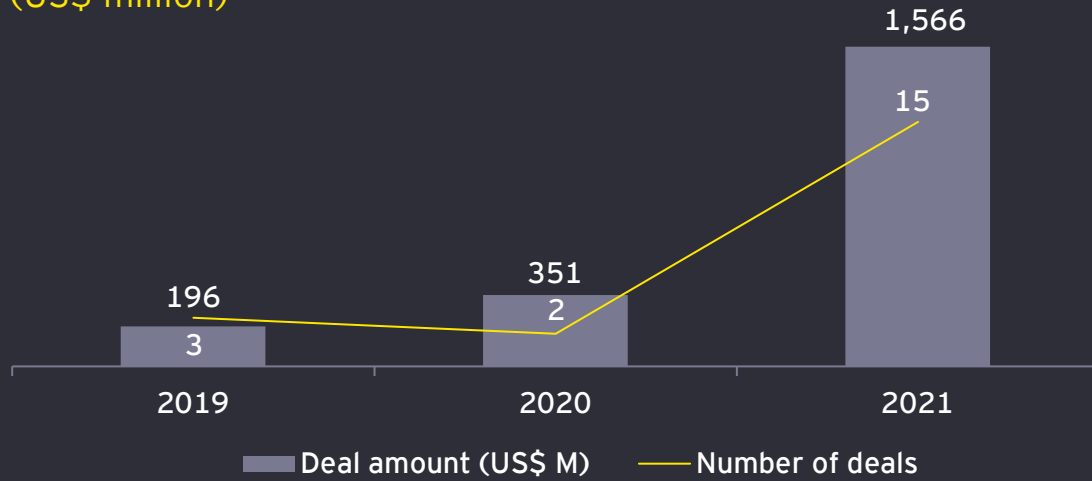
Increasing penetration of e-commerce within retail market

Growing market for healthcare, pharma and grocery



B2C market witnessed acquisition of top grocery delivery platforms as companies plan to expand into quick commerce market

M&A/Strategic investments in the B2C e-commerce sector (US\$ million)



Source : EY analysis, Tracxn

Key deal rationale

To create a large consumer digital ecosystem and expand in the fast growing grocery business

Expand grocery segment offerings

Enter quick commerce market

Key M&A/Strategic investments in HealthTech sector in 2021

Target	Acquirer	Deal Value
Bigbasket	Tata Digital	US\$1.3 billion
Grofers	Zomato, Tiger Global	US\$120 million





B2B e-commerce bringing in efficiencies

As traditional supply chains that served Indian businesses dried up amid Covid-imposed restrictions, well-capitalized B2B e-commerce players grabbed the market by coming to the aid of raw material-starved businesses. They provided digital supply chains and offered higher capital efficiencies, helping improve margins for traditional B2B companies. Emerging segments such as pharma products and COVID-protective equipment witnessed up to 5x growth in 2021.

Driven by this growing traction, the segment witnessed ~18x YoY increase in PE/ VC funding, which also led to the creation of four new unicorns.



B2B e-commerce witnessed increased traction driven by rapid digitization and credit offerings; low market penetration presents huge growth opportunity

Key market drivers

- ▶ Automated supply chain
- ▶ New payments and financing methods
- ▶ Digital marketing
- ▶ Growth of mobile commerce
- ▶ Growth of logistics and warehousing

2021 highlighted the importance B2B e-commerce as businesses relied on B2B firms/ enablers to avail their products pan-India. These start-ups helped **remove inefficiencies** in the traditional B2B commerce with effective **digital supply chains** and by offering higher **capital efficiencies**. Small business owners also leveraged B2B offerings such as digital cataloguing, **online payments** and logistics. The pandemic-induced limited access to capital and financing options further helped achieve this rapid growth.

Several Indian B2B start-ups have witnessed **100% - 300% growth** in order volume and revenue since the start of pandemic. These firms are also evincing considerable investment interest from institutional investors, leading to creation of **four** new B2B e-commerce unicorns in 2021.⁵²

Key India B2B E-COMMERCE STATS

US\$1t

Market opportunity by 2024⁵³

US\$2.4b

PE/ VC investments in 2021

5

No. of unicorns⁵⁴

B2B E-commerce Categories



Industrial supplies and machinery



Building and construction



Electronics and electrical



Healthcare/ life sciences



Fashion and accessories

Outlook

In India, B2B E-commerce has **8x larger market opportunity** as compared to B2C e-commerce market, presenting a huge growth potential.⁵⁵ Manufacturers and retailers are adopting a digital and automated supply chain ecosystem through platform-driven methods to help them drive business growth.

Further, in a nationwide survey of MSMEs, more than **90%** respondents reported that online B2B e-commerce platforms customized for their sector, would help them grow their business faster in terms of getting better rates to procure goods, accessing cheaper and faster credit, and increasing sales.⁵⁶



B2B e-commerce companies are focusing on digitization, SaaS and AI to optimize supply chain and operations; niche segments drive market growth

Focus on digitization

- ▶ B2B e-commerce companies are adopting digital and automated supply chain ecosystem through platform-driven methods
- ▶ Improving online finance and credit options also support market growth

Entry of established players

- ▶ Leading Indian conglomerate are entering the B2B e-commerce space through their e-commerce ventures
- ▶ Traditional B2C e-commerce retailers are also entering the segment through partnerships and organic growth

Niche categories

- ▶ For a leading B2B company, pharma became the fastest growing segment in 2021 and witnessed 5x growth since the segment's launch over one and half years ago
- ▶ The company also witnessed 5x growth for items like protective masks, face shields, and PPE suits⁵⁷

SaaS solutions

- ▶ B2B SaaS solutions saw increased adoption due to evolved remote working habits and consumption patterns
- ▶ A Japanese e-commerce company launched its SaaS product for B2B firms in India to provide end-to-end visibility of IT environment

B2B industry trends

Government's e-Marketplace portal

- ▶ As of Sep'21, the Government e-marketplace portal fulfilled 7.6 million orders worth US\$18.7 billion from over 2.7 million registered sellers and service providers for 54,000 government buyers⁵⁸

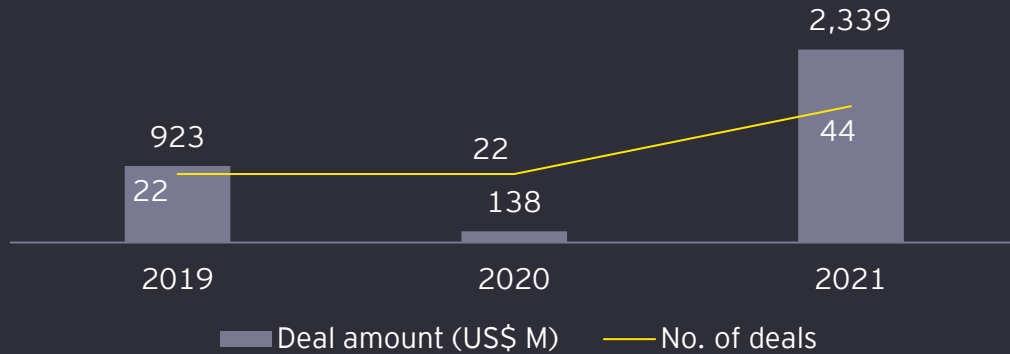
AI and big data

- ▶ B2B e-commerce companies are adopting AI, Big Data and Blockchain technologies for real time tracking of orders and to reduce the overall cost of operations



B2B funding increased ~18x driven by financial services and online marketplace segments

PE/VC investments in B2B E-commerce sector (US\$ million)



Source : EY analysis, Tracxn

Top Investors

- Matrix Partners
- Altimeter Capital
- Tiger Global
- Greenoaks Capital
- Softbank Vision Fund

Top funded sub-segments

- Financing services
- Online marketplace

Key PE/VC deals in B2B E-commerce sector in 2021

Target and funding	Investors
OFB Tech US\$325 million	Matrix Partners India II, Zodius Technology Fund II, Creation Investments Social Ventures Fund II, Norwest Venture Partners, SoftBank Vision Fund 2, Alpha Wave Ventures, Tiger Global Management, Marshall Wace, Panthera Growth Fund VCC
Trustroot Internet (Udaan) US\$280 million	Altimeter Capital Management, LP, GGV Capital, DST Global, Lightspeed India Partners I, Lightspeed Venture Partners X, Tencent Holdings, Octahedron Capital Management
Zetwerk Manufacturing US\$210 million	Greenoaks Capital Partners, D1 Capital Partners, IIFL Asset Management, Iconiq Capital, Steadview Capital Management
OFB Tech US\$207 million	Tiger Global and Alpha Wave Incubation
OFB Tech US\$160 million	Matrix Partners India II, SoftBank Vision Fund 2, Falcon Edge Capital



Low market penetration and presence of profitable businesses make B2B attractive for investments; M&A is led by the need to enter gig economy

Key investment rationale



Niche categories such as construction and industrial supplies, are expected to achieve exponential growth



Presence of profitable businesses



Low market penetration presents high growth potential

Key deal rationale

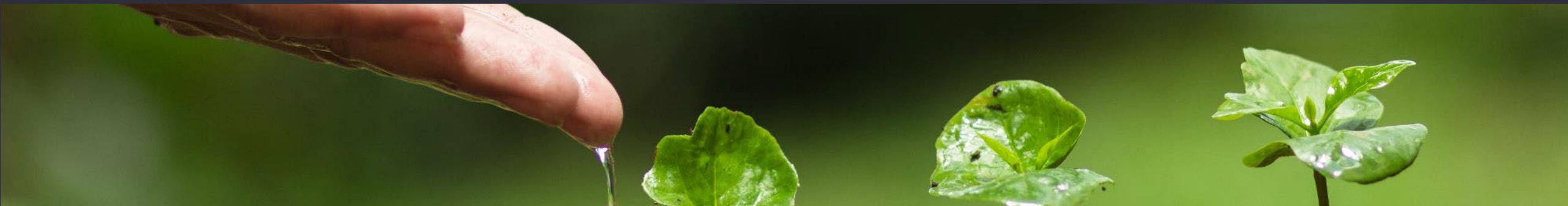
Enter digital gig economy

Augment HR services to provide skilled professionals for permanent, temporary and on-demand basis

Key M&A/Strategic investments in B2B sector in 2021

Target	Acquirer	Deal Value
Taskmo	Qess Corp	US\$1.4 million

Source : EY analysis, Tracxn





Social Commerce Interaction to transaction

In India, currently, there are more than 620 million digital audience, with 0.6 million searches taking place for social commerce per month which is also on increasing trend month-on-month.⁵⁹ Pandemic further increased users time on social commerce sites, with each user on an average spending more than two hours a day on these sites. To encash these trends, firms in the social commerce space are leveraging next-gen tech, short videos and user generated content to provide better engagement experience for users.

India also witnessed ~6x increase in funding, highest in last four years, indicating rising interest of investor in the space.



Widening social media influence and increasing social commerce shoppers will drive social commerce market growth in near future

Key market drivers

- ▶ Increased internet penetration in tier 2 & 3 cities
- ▶ Rising demand from tier-2 and tier 3 cities
- ▶ Rising number of online shoppers
- ▶ Burgeoning investments
- ▶ Increasing social media influence

In India, social commerce shoppers, which account for 53% of total online shoppers, are expected to reach 228 million at the end of 2022, a 45% increase from the current consumer base, as consumers are exploring new ways of shopping for products online through social media apps.⁶¹

Currently, 55% of the social commerce customer base is from tier 2 and 3 towns which contributed close to 80% of the gross merchandise value.⁶³ Increased internet penetration, growing impulse purchases and accelerated adoption from smaller metros and towns is driving the growth for social commerce. To take advantage of this growing opportunity, social commerce players are offering convenient and hassle free process of product discovery for consumers in their local language with the help of engagement platforms.

Key India SOCIAL COMMERCE STATS

US\$70b

Expected market by 2030⁶⁰

US\$3.4b

PE/ VC investments in 2021 across 56 deals

157m

Number of social commerce shoppers⁶¹

1

No. of unicorns⁶²

Social Commerce Models



Reseller model



Group buying



Video commerce (short content)

Outlook

The share of social commerce in India's e-commerce market is forecasted to increase to 4-5% of the projected US\$140 billion market by 2025 from the existing 1-2%.⁶⁴ Consumer generated content, instant gratification and personalized content for various audience will drive the growth for social commerce in India in coming years. The live commerce market is forecasted to reach US\$4-5 billion gross merchandise value by 2025.⁶⁵



Live commerce to drive the future growth; SMEs adopting social commerce as a new business model

- ▶ Pandemic encouraged SMEs to leverage social commerce thereby **creating new business opportunities**
- ▶ One of the key SMEs in the space, with the help of social media sites, experienced **3X growth** compared to pre-COVID levels and also **expanded footprints worldwide**

1

SMEs turning towards social commerce

- ▶ Increasing partnerships between E-com and short form video apps helps them to leverage strengths in **logistics and catalogue of e-commerce** and **driving intent in product** through social commerce
- ▶ Leading e-commerce players are launching **live video platforms** where content creators showcase products and interact with users

2

Live commerce

- ▶ GOIs '**Aatmanirbhar Bharat**' initiative is augmenting social commerce space by encouraging domestic producers to embrace digital strategy
- ▶ The '**Vocal for Local**' initiative has increased inclination toward promoting local products, thereby inspiring local producers to use social media for online deliveries

3

'Make in India' initiative

- ▶ With small town India becoming a majority audience base for online shopping, vernacular is major growth driver for social commerce
- ▶ Currently, **78% of the active internet users are using social media in vernacular languages**, showcasing opportunity for social commerce firms to target customers⁶⁶

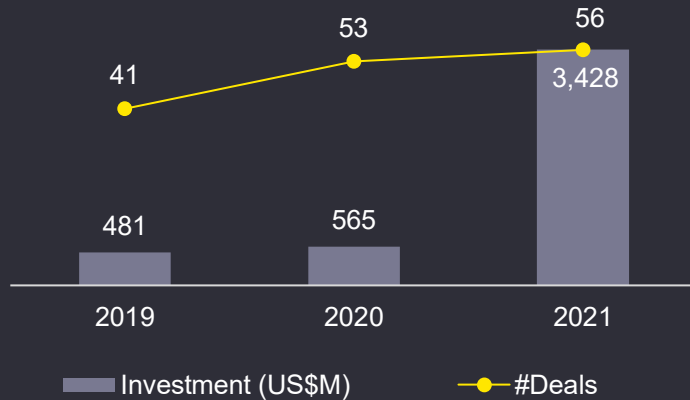
4

Vernacular content



Social commerce witnessed ~6x increase in PE/ VC deals; social networking platforms and short-form video apps lead

PE/VC investments in the social commerce sector (US\$ million)



- Top Investors**
- Prosus Ventures
 - Twitter
 - Softbank Vision Fund
 - Tiger Global
 - Facebook

Source : EY analysis, Tracxn

Top funded sub-segments

Social networking platform

Short-form video application

Messaging platform

Key investment rationale

Platforms leveraging next-gen tech like AI, ML and data science to widen their positions across user base

Potential growth in live commerce driven by engagement

To tap vernacular content market, one of the largest untapped opportunities in the country

Key PE/VC deals in social commerce sector in 2021

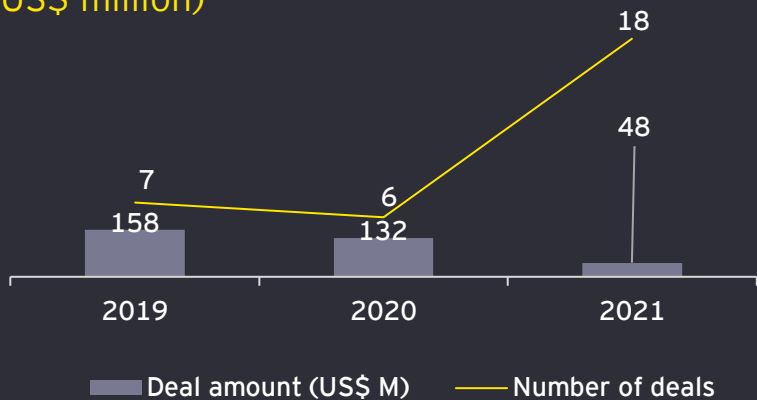
Target and funding	Investors
Meesho Inc. US\$570 million	Prosus Ventures (Naspers), Facebook Inc., SoftBank Vision Fund 2, FMR LLC (Fidelity), B Capital Group Partners L.P.
Mohalla Tech US\$502m million	India Quotient Fund II, Lightspeed India Partners I LLC, Twitter Ventures LLC, Tiger Global Management LLC, Snap Inc.
VerSe Innovation US\$450 million	Siguler Guff India Advisors Pvt. Ltd., The Qatar Investment Authority, B Capital Group Partners L.P., Sofina SA, Baillie Gifford and Company, Carlyle Asia Partners Growth II
Meesho Inc. US\$300 million	Prosus Ventures, Shunwei Capital Partners, Venture Highway LLP, Facebook Inc., SoftBank Vision Fund 2, Knollwood Investment Advisory LLC
Mohalla Tech US\$266 million	Alkeon Capital Management, LLC, Temasek Holdings Pvt. Ltd., India Quotient Opportunities Fund, HarbourVest Partners LLC, Moore Capital Management LP





Social commerce sector witnessed steep decline in M&As transaction value; downward trend in last three years

M&A/strategic investments in the social commerce sector (US\$ million)



Source : EY analysis, Tracxn

Key investment rationale

Strategic value creation: build a synergy across platforms and diversify across demographics and geographies

Expand into Indian market- scaling up presence in various regions in India

Expand product portfolio in adjacent segments

Key M&A/Strategic investments in FinTech sector in 2021

Target	Acquirer	Deal Value
The News Minute	Quint Digital	US\$24.5 million
Parijat Technologies	Hindustan Times	US\$15.8 million
Adda 247	Infoedge	US\$5.5 million
Shaadi Saga	Matrimony.com	US\$1.5 million
Entroq Technologies	Kotak Securities	US\$0.4 million





Travel and hospitality Transforming through innovation

COVID-19 pandemic brought series of lockdowns which adversely affected the travel and hospitality industry. However, firms in the space took this as an opportunity to streamline the process by embracing technology for processes that were human resource intensive. Firms automated processes like seat booking, meal booking, cancellation and customer services which helped them bring down costs.

With the sector reviving from the pandemic, it witnessed ~9X increase in VC investment in 2021 compared to last year. In M&A activities, sector witnessed significant growth in 2021 as compared to 2020 but still was comparatively less than pre-pandemic levels.



Firms in the travel and hospitality sector are recovering from the pandemic with ease in lockdown curbs

Key market drivers

- ▶ Changing behavior of people post pandemic
- ▶ Rising domestic travel
- ▶ Government initiatives to promote tourism
- ▶ Increasing digital adoption & consumption

Travel and hospitality space remain one of the worst hit sector due to the COVID-19 pandemic as it impacted demand for travelling by affecting sentiments of consumers and their willingness to travel. E-travel aggregators saw mass cancellations of bookings during the pandemic period. In first quarter of FY2021, some firms had no business while some saw 15-20% decrease in booking of flights in comparison to same period before the pandemic.⁶⁸

The online travel services saw decrease in market size by 25% in 2021 and was valued at INR834 billion in 2021 compared to INR1,116 billion in 2020.⁶⁸ However, the pandemic forced contactless travel engagement which is expected to accelerate online booking adoption even faster. Domestic travels in India are showing early signs of recovery with firms reaching 40-50% of the pre-pandemic levels primarily led by increasing pace of vaccination and lifting of the lockdown curbs.⁶⁸ E-travel aggregators are offering domestic packages such as 'workation' and 'staycation' to make up for the losses they suffered during pandemic.

Key India TRAVEL AND HOSPITALITY STATS

US\$125b

Expected travel market by 2027⁶⁷

INR 1,508b

Expected online travel services market by 2026⁶⁸

US\$1.2b

PE/ VC investments in 2021 across 12 deals

Travel and Hospitality Product Categories



Hotel booking



Ticketing



Homestays



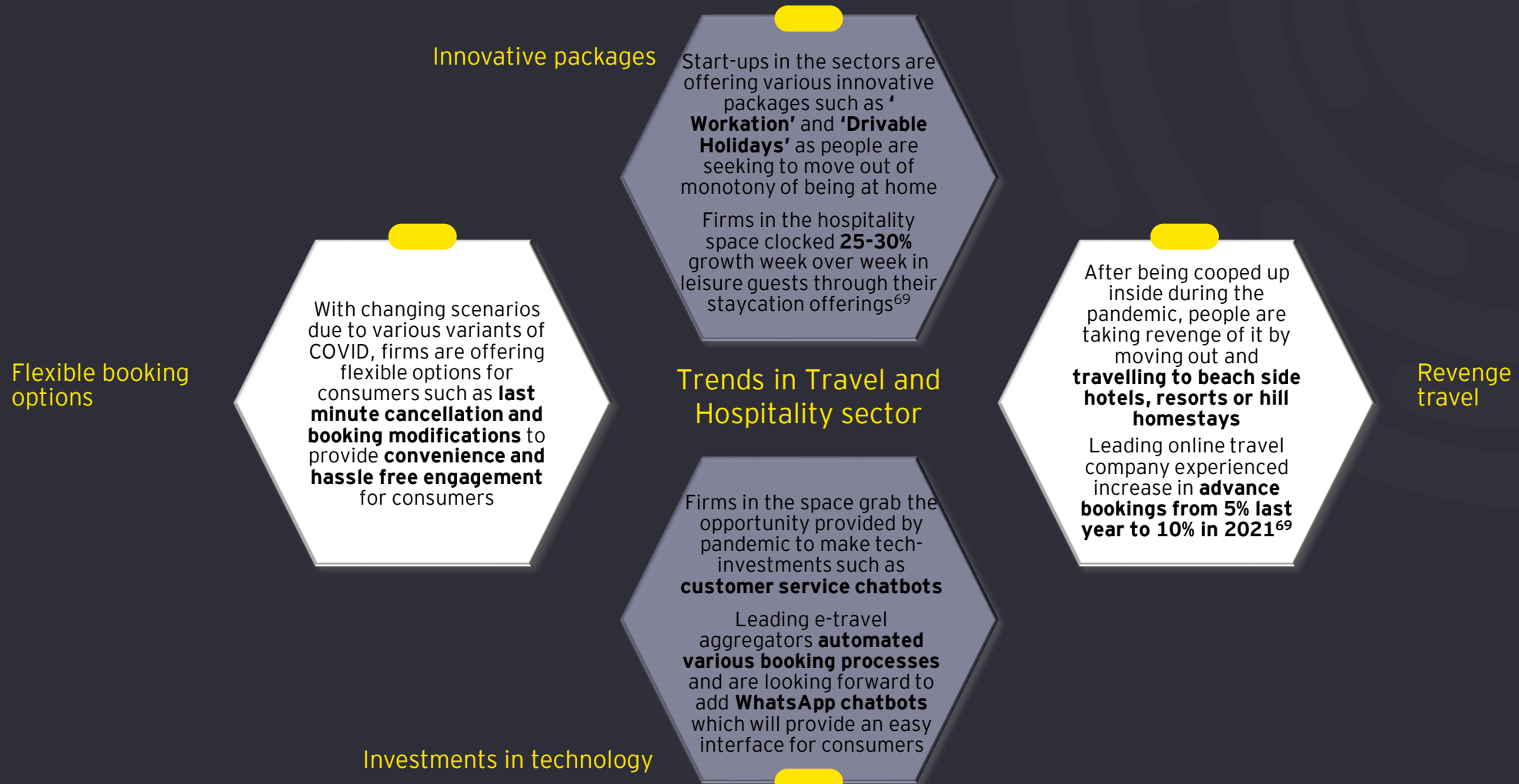
Packages

Outlook

The travel and hospitality market in India is expected to show sharp recovery in 2022 and beyond with easing of pandemic restrictions and ongoing successful vaccination drive. The Indian travel market is forecasted to grow at CAGR of 7.5% during 2020-27⁶⁷ while online travel market is expected to grow at CAGR of 12.6% during 2021-27.⁶⁸ The increasing investors interest in the space can be observed as funding reached to pre-pandemic levels in 2021.

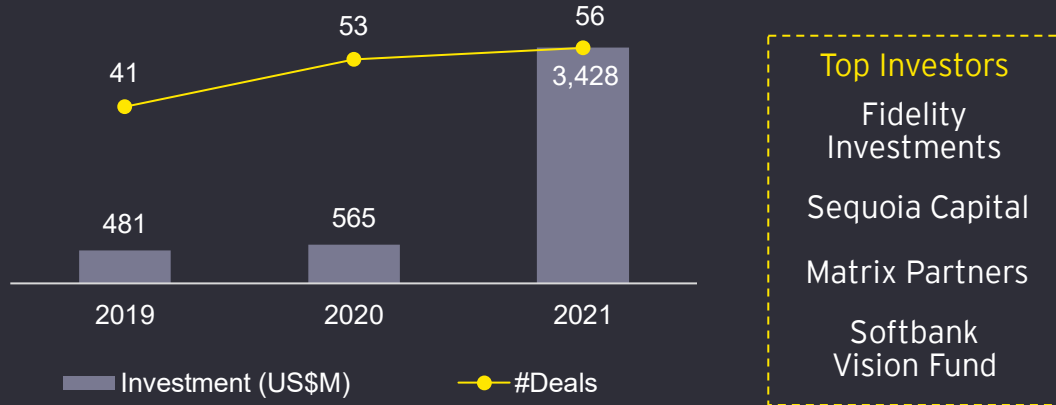


Innovative packages and flexible booking options are driving the growth in the space; firms making additional tech-investments



Travel and hospitality start-ups witnessed sharp increase in funding; led by OYO hotels and Dtwelve spaces

PE/VC investments in the travel and hospitality sector (US\$ million)



Source : EY analysis, Tracxn

Top funded sub-segments

Online hotel booking platform | Online travel portal | Vacation rental

Investment Drivers

Accelerating industry transformations and innovation in the space

Massive growth opportunity in vacation rental segment

Pre-IPO funding

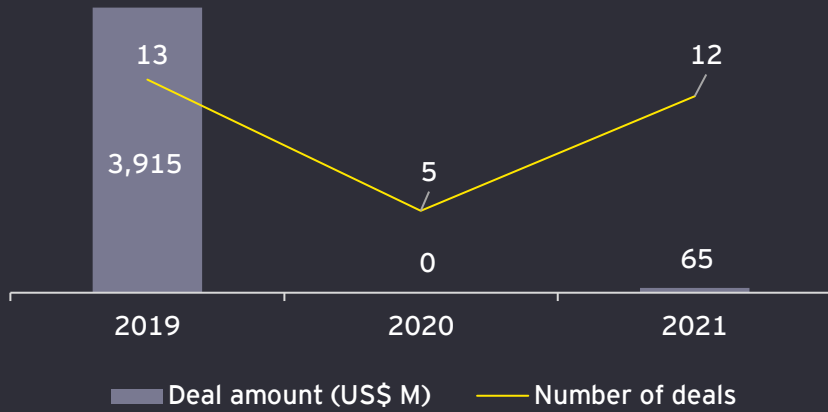
Key PE/VC deals in travel and hospitality sector in 2021

Target and funding	Investors
OYO Hotels and Homes US\$660 million	Fidelity, Citadel Capital Management and Varde Partners
Oyo Hotels (Singapore) US\$200 million	Softbank Ventures
Dtwelve Spaces US\$102 million	Falcon Edge India I LP, Alpha Wave Incubation Fund, Matrix Partners India II LLC, Sequoia Capital India VI Ltd.
Dtwelve Spaces US\$100 million	Sequoia Capital; Redwood Trust Inc.; Matrix Partners India; Falcon Edge Capital LP; SCI investments
Le Travenues Technology (ixigo) US\$53 million	GIC Pvt. Ltd., Info Edge Venture, White Oak Capital Management Consultants LLP, Bay Capital Investment Managers Pvt. Ltd., Orios Venture Partners Fund, Trifecta Capital Advisors LLP, Malabar Investment Managers Pvt. Ltd.



The travel and hospitality sector witnessed increase in deals and deal amount in 2021 compared to 2020

M&A/strategic investments in the travel and hospitality sector (US\$ million)



Source : EY analysis, Tracxn

Key deal rationale

- Strategic investments in start-ups and emerging business
- Expanding product portfolio in adjacent segments- expanding business in enterprise mobility space
- To consolidate presence in Tier II,III,IV markets

Key M&A/strategic investments in the travel and hospitality sector in 2021

Target	Acquirer	Deal Value
Cleartrip	Flipkart	US\$40 million
Meru Cabs	Mahindra Logistics	US\$13.2 million
Oyo	Investors Group	US\$7.4 million
Hashtag Loyalty	Jubilant Foodworks	US\$3.1 million
Confirmktk	ixigo	-



Logistics Tech end to end optimization

With India aiming to be a \$5 trillion economy, the logistics sector is expected to be a crucial enabler in achieving this. The sector is currently highly fragmented, and at ~14%, the logistics costs in India are among the highest in the world (compared to a global average of ~8%).⁷⁰ Given this large economic opportunity, start-ups have launched innovative business models to disrupt the sector. They are offering solutions that enable an open marketplace, logistics fulfilment and support, provide fleet management, warehousing operations and demand forecasting. This has led to increased PE/ VC funding with the sector witnessing ~2.5x YoY funding growth.



Logistics Tech market in India remains highly fragmented; innovative business models such as open marketplace present high growth opportunity

Key market drivers

- ▶ Rise of D2C market
- ▶ Growing retail market
- ▶ Same/ one day delivery expectations
- ▶ Government focus on Logistics infrastructure
- ▶ Growing demand from Tier 2 cities

In 2021, the E-commerce Logistics market is estimated at **US\$211 billion**. This growth is driven by changing consumer shopping preferences from physical stores to online market places and rising expectations for fast delivery services. Further, with the rise of D2C e-commerce, the on-demand inter-city road logistics market accounted for **63%** of the total spend, while the contract market accounted for the remaining **37%**.⁷¹

The Indian logistics sector incurs a cost of 14% of the GDP against the global average of ~8%, creating a **competitiveness gap of US\$180 billion** per annum.⁷⁴ Given the massive economic opportunity, start-ups are disrupting this sector with innovative business models such as **open marketplace**, allowing truck owners to get instant booking from verified and trusted transporters. Start-ups are also developing solutions aimed at improving multiple facets such as productivity, transparency, visibility and operational and cost effectiveness.

Key India LOGISTICS TECH STATS

US\$492b

Market size of E-commerce Logistics industry by 2025⁷²

US\$1.2b

PE/ VC investments in 2021

5

No. of unicorns⁷³

Logistics Tech E-commerce Categories



Warehousing Solutions



Enablement/ Support services



Transportation/ Fleet management



Supply chain finance



B2B procurement and distribution

Outlook

The E-commerce Logistics industry is expected to grow at **23.6% CAGR** by revenue during FY20 - FY25.⁷⁵ This growth will be driven by increased **demand from Tier 2** and below cities owing to increased internet penetration in these areas, changing shopping patterns, increasing requirement of fast delivery services and usage of AI, big data analytics, and blockchain technology to improve the customer experience. As the D2C market gains further traction, they will seek out platforms that offer end-to-end logistics and fulfilment services.



On-demand logistics, usage of AI, IoT, growing warehousing demand and government support drive demand for Logistics Tech solutions

1 On-demand logistics

- ▶ Indian intracity logistics tech market is currently valued at **US\$43 billion**⁷⁶
- ▶ On-demand models, which are paid only when they are used, are becoming increasingly common, offering a flexible and individualized service that adapts to the fluctuations of the economic activity of each company

2 Increased use of technologies

- ▶ Logistics platforms are deploying technologies such as AI, IoT, and Big Data to garner insights into consumer preferences and customize their experience
- ▶ Advanced technologies are also being adopted to automate logistics processes such as order taking, inventory, and warehouse management, to packaging, shipping, and last-mile delivery

3 Growing warehousing demand

- ▶ Placing customer-centricity at the heart of their strategy, logistics players are prioritizing last-mile deliveries. Hassle-free, efficient last-mile deliveries are one of the keys to customer satisfaction.
- ▶ A large logistics tech firm in India invested **~US\$20 million** in a start-up that makes warehousing automation products and acquired a drone start-up⁷⁷

4 Government support

- ▶ The government outlaid **US\$100 billion** for major industrial corridors in India, creating a strong adoption case for logistics as-a-service in India
- ▶ The government announced **US\$13.3 million** for Gati Shakti plan to accelerate development of transportation and logistics infrastructure in India⁷⁸

5 Rise of sustainable logistics

- ▶ To ensure sustainable practices, platforms have switched to eco-friendly, sustainable packaging material and are even opening warehouses closer to the customer's location
- ▶ An India-based Logistics tech company plans to deploy **e-three-wheelers** to enable last mile operations and delivery of food, fruits and vegetables and for FMCG sector

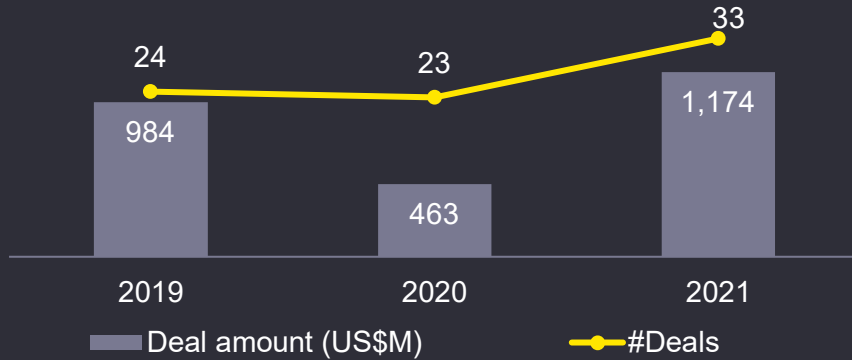
6 Contactless Deliveries

- ▶ The logistics industry is offering contactless deliveries that can be verified by the customer via an OTP sent to their phones



PE/ VC funding increased by ~2.5x in 2021, led by Delhivery and NetraDyne

PE/VC investments in Logistics Tech sector (US\$ million)



Source : EY analysis, Tracxn

Top Investors

Baillie Gifford | Tiger Global | Eight Roads | Addition LLC | Softbank Vision Fund

Top funded sub-segments

Logistic fulfilment | Fleet management

Key PE/VC deals in Logistics Tech sector in 2021

Target and funding	Investors
Delhivery US\$277 million	Baillie Gifford and Company, FMR LLC, GIC Pvt. Ltd., Chimera Investments LLC
NetraDyne US\$150 million	Microsoft's Venture Fund, Point72 Asset Management L.P., SoftBank Vision Fund LP
Delhivery US\$125 million	Addition LLC
SmartShift Logistics US\$100 million	Sequoia Capital, Tiger Global Management LLC, Vitruvian Investments Pty Ltd., Lightrock
ElasticRun US\$75 million	Avataar Venture Partners I, Kalaari Capital Advisors Pvt. Ltd., Prosus Ventures



High growth potential and improvement in logistics infrastructure drive investments in the sector; increased cross-selling opportunities drive M&As

Key investment rationale



High growth potential in the sector given the rise of D2C market



Improvement in logistics and warehousing infrastructure



Highly fragmented market presents funding and M&A opportunities

Key deal rationale

To offer software-as-a-service (SaaS) solutions for businesses

Increase cross-selling and upselling opportunities; move up the value chain in global third party logistics market

Key M&A/Strategic investments in Logistics sector in 2021

Target	Acquirer	Deal Value
Shipway	Indimart (Tradezeal Online)	US\$2.4 million
Vonken Technologies (Quifers)	Sitics	-

Source : EY analysis, Tracxn





Online classifieds and services in demand

Following favourable demographics and growth of online advertising market, the online classifieds and services segment witnessed rapid growth in FY21. While start-ups developed innovative use cases such as interview-as-a-service and online parking system, vertical players within home rental, used car buying and urban lifestyle witnessed growing market traction. With both millennials and Generation Z embracing the concept of purchasing second-hand goods, recommerce segment is expected to drive market growth in the future.

In 2021, the sector witnessed ~4.5x growth in PE/VC funding and 39x growth in M&A driven by one of the largest acquisition within the segment.



Online classifieds and services market is witnessing innovative use cases and emergence of vertical players

Key market drivers

- ▶ Online advertisement
- ▶ Emergence of vertical players
- ▶ Affordable pricing
- ▶ Certified sellers and dealers

The digital classified industry has shown a high growth of 20.0% YoY to reach **US\$2.5 billion** in FY21.⁷⁹ This was driven by favourable demographics and the rapid growth in the business services sector. The presence of a **sizeable online advertising market** further helped in market growth. Start-ups in the sector are developing **innovative use cases** such as interview-as-a-service, global positioning systems, community events, online auctions and parking systems. **Vertical players** in the home rental, used car buying and urban lifestyle are also witnessing growing market traction.

Driven by growing popularity of **interactive content**, classifieds industry will leverage immersive technologies like **3D visualizations** of items, augmented reality, and **virtual try-on** to provide high-resolution quality images of the product, helping increase customer engagement and online conversion.

Key India ONLINE CLASSIFIEDS AND SERVICES STATS

US\$3.2b

Market size of Digital Classifieds industry by 2022⁸⁰

US\$1.8b

PE/ VC investments in 2021

2

No. of unicorns⁸¹

Online classifieds and services e-commerce categories



Real Estate



Recruitment



Matrimonial



Automobiles



Multi-segment

Outlook

Digital classified industry is expected to grow by **25.0% YoY** in 2022. Within this, the online recruitment classifieds segment is expected to reach **US\$200 million** in FY23E driven by strong market recovery post the pandemic. With new real estate expected to increase by **15% YoY** in 2022, there is also a substantial growth opportunity in online property classifieds. Further, despite growing competition, online matrimonial classifieds are also expected to grow at 15% CAGR in revenues during FY22 - FY26E.⁸² This industry growth will be supported by rising penetration of E-Commerce, growing investments in artificial intelligence and integration of **big data in advertising strategies**.



Growth of C2C is driving online classifieds industry; companies aim to leverage mobile marketing and enhance customer experience

1



Growth of C2C sale

- ▶ India is witnessing the unprecedented growth of C2C with both millennials and Generation Z embracing the concept of purchasing second-hand goods
- ▶ The pre-owned auto market in India is expected to grow to 10 million used car transactions by 2030⁸³
- ▶ In Jan'22, a large e-commerce company in India acquired a smartphone repair and refurbishing start-up to help strengthen its recommerce business

2



Subscription based services

- ▶ As people are moving to digital channels to avail the various services, companies have started subscription based services and value added services for service providers
- ▶ A leading classified company announced plans to increase the provision of value-added services such as warranty, insurance, road-side assistance and financing

3



Mobile marketing

- ▶ Mobile advertising has emerged as the fastest growing digital medium due to increased penetration of internet, reduced data prices and improved 3G and 4G infrastructure
- ▶ The share of mobile in India's digital media spends increased to 76% in FY21 from 45% in FY19, growing at a CAGR of 45% to reach US\$1.9 billion⁸⁴

4



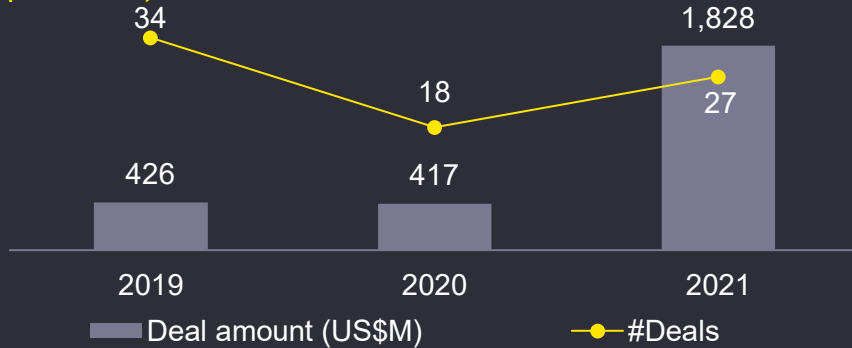
Customer experience

- ▶ With 54% of the sellers looking for value and convenience, and 32% for product value, digital classified companies are leveraging artificial intelligence and machine learning to understand consumer requirements⁸⁵
- ▶ A leading classified company in India is leveraging customer relationship management tools to enhance their customer experience, leading to 35% increase in customer visits per sales person per day⁸⁶



PE/ VC funding grew ~4.5x in 2021; untapped market potential and growth in recommerce present huge growth opportunity

PE/VC investments in Online classifieds and services sector (US\$ million)



Source : EY analysis, Tracxn

Top Investors

General Atlantic | Tiger Global | Leapfrog Investments | Alpha Wave Incubation Fund | Lifestyle services

Top funded sub-segments

Used car/ bike buying | Home rental platform | Lifestyle services

Key investment rationale



Untapped market compared to global peers



Growth in recommerce segment



Presence of matured business models

Key PE/VC deals in Online classifieds and services sector in 2021

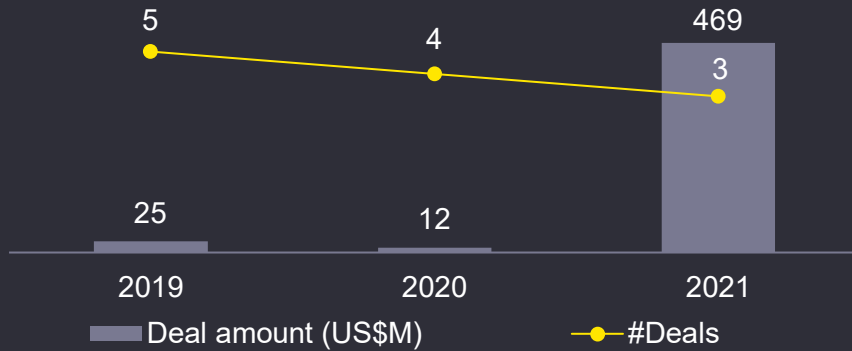
Target and funding	Investors
Cars24 Services US\$450 million	DST Global, Exor N.V., Moore Capital Management LP, Unbound, SoftBank Vision Fund 2, Alpha Wave Incubation Fund, Tencent Holdings Ltd.
Cars24 Services US\$300 million	Alpha Wave Global
Girnar Software US\$250 million	Harbor Spring Capital LLC, Leapfrog Investments Ltd., Hillhouse Capital Management Ltd., CapitalG, Mirae Asset Global Investments Co. Ltd., Sequoia Capital India Advisors Pvt. Ltd., Franklin Templeton Investments Inc., Canyon Capital Advisors, LLC
NoBroker Technologies US\$210 million	General Atlantic Pvt. Ltd., Tiger Global Management LLC, Moore Capital Management LP
Urbanclap Technologies US\$188 million	Tiger Global Management LLC, Prosus Ventures (Naspers), Wellington Management Company LLP, Steadview Capital Master Fund Ltd., Vy Capital Management Company Ltd., DF International Group





M&A growth was led by Reliance Retail's acquisition of Just Dial

M&A/Strategic investments in the Online classifieds and services sector (US\$ million)



Source : EY analysis, Tracxn

Key deal rationale

Boost digital ecosystem for partner merchants and SMEs	To build new products and platforms	Enhance focus on digital payment solutions
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Key M&A/Strategic investments in Online classifieds and services sector in 2021

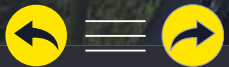
Target	Acquirer	Deal Value
Justdial	Reliance Retail	US\$469.2 million
TapChief	Unacademy	-
Paymatrix (Speckle Internet)	Muthoot Fincorp	-



Mobility gearing up for EV

The pandemic hampered mobility market in India but soon firms took this as an opportunity to expand into adjacent segments and to bring innovative solutions on the table. As commuters are avoiding public transportation due to pandemic, mobility firms are adopting best practices such as new rental plans, vehicle design modification and new business avenues. End of travelling curbs, inclusion of EVs in fleet, increasing partnerships with OEM and growing funding support will drive the growth of the mobility market in India.

Sector also witnessed ~6x increase in funding indicating rising interest of investor in the space particularly in e-mobility.



New allied services in E-commerce and food delivery are areas of interest for mobility firms

Key market drivers

- ▶ Rising disposable income
- ▶ Growing urbanization
- ▶ Rising demand for used cars
- ▶ Burgeoning investments
- ▶ Increasing digital savviness

The pandemic adversely impacted the mobility market resulting in decrease in daily ridership mainly due to lockdown curbs. This forced firms in the mobility space to embrace innovative solutions and diversify into adjacent segments. Firms expanded into B2C and C2C customer logistics in order to generate revenue during pandemic.

The shared mobility GMV in India stood at US\$11.1 billion in 2021 from US\$6.9 billion in 2020. Rikshaw sharing remain the highest contributing segment to the market, generating close to 65% of GMV in 2021.⁸⁷ Commuters are opting for single-rider, open-air transit options generating huge potential for micromobility start-ups in India. Changing vehicle ownership trends such as millennials opting for shared transport and used cars rather than investing in new car, provides opportunity for start-ups in shared mobility and pre-owned car market.

Key India MOBILITY STATS

US\$42.9b

Expected shared mobility market by 2027 (GMV)⁸⁷

US\$1.6b

PE/ VC investments in 2021 across 21 deals

9.7b

Expected shared mobility vehicles in operation by 2027⁸⁷

Mobility Product Categories



App based cab booking



Micromobility



Self-drive rentals



Subscription based ride services

Outlook

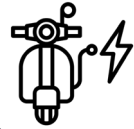
The shared mobility market in India is expected to grow at a CAGR of 25% during period 2021-27.⁸⁷ The growth will be driven by ride-hailing and micromobility. The used car market is forecasted to grow at 12-14% during period 2025-26 to reach a size over 70 lakh vehicles from 38 lakh in 2020-21.⁸⁸ The growth will be driven by increasing digitization, first time buyers, changing demographics and aspirations, and convenience of payment options.



Firms in the sector are looking for new business partnerships, planning for all electric fleet in near future

Key Trends in Mobility

1



Acceleration in fleet electrification

- ▶ With government pushing for vehicle electrification, ride hailing as well as bike taxi aggregators are moving towards addition of e-vehicles in the fleet
- ▶ Firms in the micromobility space are aiming for an all-electric fleet while some are introducing their own eScooters in the market

2



Emergence of new cases

- ▶ Ride hailing firms in space are partnering with e-commerce and food delivery firms to support last mile delivery of groceries
- ▶ Leading firm in mobility sector diversified into adjacent segments by entering into used car market, offering various convenient options for customers

3

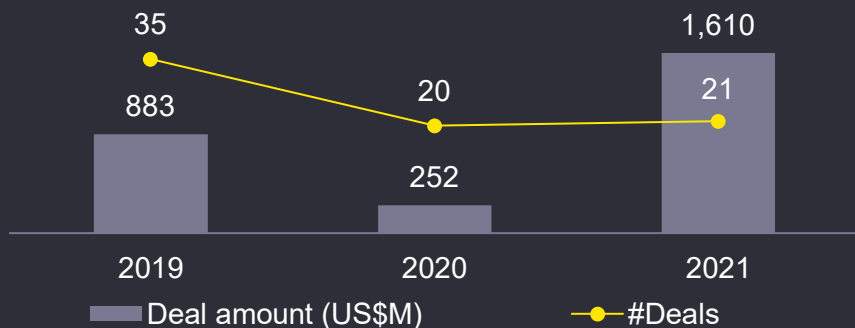


Shift in mobility patterns

- ▶ The pandemic has shifted mindsets of passengers more towards social distancing, considering safety, resulting in under utilization of public transport and increased preference for private transportation
- ▶ Leading mobility player witnessed 150% recovery from its pre-covid levels in auto business⁸⁹

Mobility sector saw steep rise in PE/ VC investments; led by OLA and Spinny

PE/VC investments in the Mobility sector (US\$ million)



Source : EY analysis, Tracxn

Top Investors

Temasek Holdings | 57 Stars | Tiger Global | Arena Holdings

Top funded sub-segments

Online cab aggregator | Online rental platform

Key PE/VC deals in Mobility sector in 2021

Target and funding	Investors
ANI Technologies (Ola) US\$150 million	Temasek Holdings Pvt. Ltd., Warburg Pincus
Yellow Drive Technologies (Spinny) US\$248 million	Arena Holdings, Avenir Growth Capital, Tiger Global Management LLC, Abu Dhabi Growth Fund
Droom Technology US\$200 million	Seven Train Ventures, 57 Stars LLC, Beenext Pte. Ltd., Beenos Asia Pte. Ltd., Lightbox India Advisors Pvt. Ltd., Toyota Tsusho Corporation
ANI Technologies (Ola) US\$139 million	Biovet Pvt. Ltd., Edelweiss Crossover Opportunities Fund, Hero Enterprise, IIFL Monopolistic Market Intermediaries Fund-, IIFL Special Opportunities Fund, Tejal Merchantile Pvt. Ltd., Vicco Laboratories Pvt. Ltd., Ashutosh Taparia, Deepak Vijay Nathani
Yellow Drive Technologies (Spinny) US\$108 million	General Catalyst Partners, Tiger Global Management LLC, F J Labs LLC, Avenir Growth Capital, Kaiser Foundation Health Plan, Inc

Key investment rationale



Potential growth of electric vehicles market in India



Potential growth in pre-owned car market driven by pandemic induced demand for personal mobility and affordability



Unique business model of car subscription which provides hassle free car ownership



Payment and Wallet contactless to cashless

The pandemic drove a trend away from cash and cheque and more towards adoption of digital payments. In addition to this, increasing smartphone penetration and growing awareness regarding convenient online payment options is driving the market forward. E-commerce players are introducing their own payment solutions and launching differentiating schemes to attract the customer base, thereby making market increasingly competitive.

Industry witnessed seven fold increase in VC investment in 2021 compared to last year with major investments in payment services. In M&A activities, sector witnessed more than twice the number of deals in 2021 as compared to 2020.



Pandemic intensified the demand for digital payments as contactless payments emerged as the new normal

Key market drivers

- ▶ Increasing internet penetration
- ▶ Rising online shopping
- ▶ Government initiatives for cashless economy
- ▶ Increasing digital adoption & consumption

With more than 2 billion prepaid payment instruments such as internet wallets, mobile wallets and digital payment modes, India is one of the fastest growing and largest market for digital payments in the world.⁹¹ Pandemic further increased online shopping thereby boosting virtual transactions in the country.

40% of Indian users prefer UPI and digital wallet while making payments online.⁹⁰ During the pandemic, nine out of ten Indians preferred digital wallets citing it made shopping easier as the main reason.⁹² This rapid adoption of digital payments supplemented by rising e-commerce transactions is fuelling the payment gateway market growth in India.

In 2021, sector also witnessed several decisions on regulatory front such as tokenisation, UPI on feature phones and offline payments.

Key India PAYMENT AND WALLET STATS

US\$300b

Value of Digital payments in 2021⁹⁰

US\$2.5b

PE/ VC investments in 2021 across 25 deals

6

No. of unicorns⁹⁰

Payment and Wallet Product Categories



Payment gateway aggregator



P2M market (Merchant Payments)



Mobile payments

Outlook

The value of digital payment in India is forecasted to grow three-fold to reach US\$1t by 2026 primarily driven by increasing online purchases and digital adoption in the country. By 2026, close to 44% of payments will be accepted through payment gateways & aggregators, 34% through QR codes while 22% through point of sales machines.⁹⁰



Rising interest in Buy Now Pay Later and adoption of wearable payment devices are some of the trends to look out in future

Emerging Trends

1

Pay later picking pace

- ▶ Out of total digital payments, buy now pay later (BNPL), EMI and purchase lending represents only 5-6% which is expected to reach 10% or US\$100 billion by 2026 showcasing huge opportunity for the firms in this space⁹³
- ▶ India is ahead in terms of average usage of BNPL in e-com purchases, representing 3% versus 2.1% of global average⁹⁰

2

Increasing competition due to new entrants

- ▶ E-commerce and Telecom firm are entering the payments and wallet market by launching their own payment solutions as they have added advantage of existing customer base thereby increasing the competition in the market
- ▶ In order to stand out from its competitors, firms are offering unique value proposition to its customer base through discounts, bundles, cashbacks, etc
- ▶ India's leading telecom firm are attracting customers by offering cashback on opening wallet account as well as on first transaction

3

Adoption of wearable payment devices

- ▶ With rising trend for contactless payments, wearable devices such as smartwatches and bands has come up with another smart and secure way for making payments thereby ensuring better customer experience
- ▶ Financial institutions and payment gateway companies are partnering with tech firms to incorporate wearable payment devices in their arsenal
- ▶ Wearable devices is forecasted to contribute close to 10% of the small ticket payments in next two years⁹⁴

4

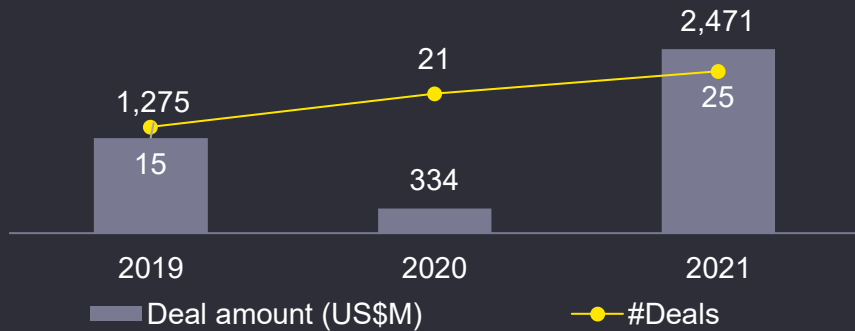
UPI's 'On device' digital wallet

- ▶ RBI is planning to launch 'On device' digital wallet within UPI applications that would work even without internet
- ▶ This will solve the problem of transaction failure thereby ensuring convenience for customers and eventually reducing stress on financial institutions
- ▶ RBI also plans for launching UPI based digital payment solution for feature phone users, who are more than 440 million, unlocking huge market for the companies in the sector⁹⁵



Payment and wallet start-ups witnessed ~7X increase in funding; led by Razorpay, BharatPe & Paytm

PE/VC investments in the Payment and Wallet sector (US\$ million)



Source : EY analysis, Tracxn

Top Investors

Sequoia Capital | BlackRock | Tiger Global | Softbank Vision Fund

Top funded sub-segments

Online payment services | Online merchant portal

Key PE/VC deals in Payment and Wallet sector in 2021

Target and funding	Investors
Razorpay Software US\$375 million	Y Combinator, TCMI, Inc., Alkeon Capital Management, LLC, Lone Pine Capital LLC, GIC Pvt. Ltd., Sequoia Capital India Advisors Pvt. Ltd., Tiger Global Management LLC
Resilient Innovations US\$370 million	Ribbit Capital LP, Amplo, Coatue Management LLC, Insight Venture Management LLC, Sequoia Capital India VI Ltd., Dragoneer Investment Group LLC, Tiger Global Management LLC, Steadfast Capital GmbH
One 97 Communications US\$338 million	BlackRock, CPPIB and GIC
Pine Labs US\$285million	Ward Ferry Management Ltd., Moore Capital Management LP, Baron Capital Inc., Lone Pine Capital LLC, Temasek Holdings Advisors India Pvt. Ltd., Duro Capital (Singapore) Advisors Pte Ltd., Sunley House Capital Management, Marshall Wace LLP
Better World Technology(Zeta) US\$250 million	Sodexo SVC India Pvt. Ltd., SoftBank Vision Fund 2

Key investment rationale



Increasing adoption of technology by financial institutions (FI)- 61% of FI executives believes investment in tech is important for better customer experience⁹⁵



Pre-IPO funding



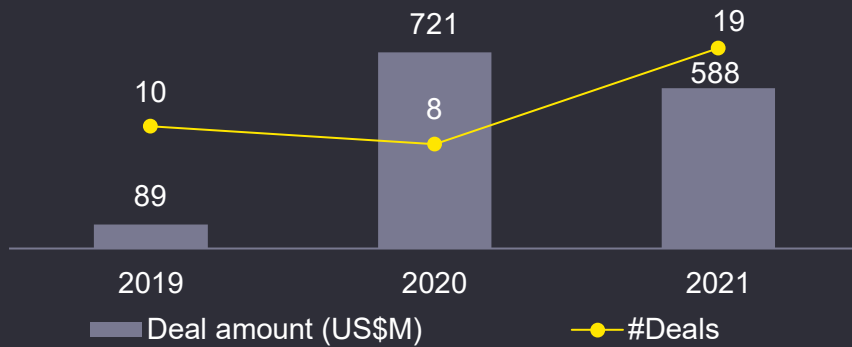
Huge opportunity in the credit and payments space





Payment and wallet space witnessed ~2X increase in deals 2021 compared to 2020

M&A/Strategic investments in the Payment and Wallet sector (US\$ million)



Source : EY analysis, Tracxn

Key M&A/Strategic investments in Payment and Wallet sector in 2021

Target	Acquirer	Deal Value
Airtel Africa Plc-Mobile Money Business	Qatar Investment Authority	US\$200 million
Ola Financial Services	ANI Technologies	US\$104.8 million
Airtel Mobile Commerce Bv	Mastercard	US\$100 million
Fave	Pine Labs	US\$45 million
Airtel Payments Bank	Bharti Enterprises	US\$40.1 million

Key deal rationale

Strategic divestments to reduce costs and to invest in other segments

Expanding product portfolio- diversifying in financial services business

To strengthen product portfolio in domestic and international market





Path to growth:
consolidation and
collaboration

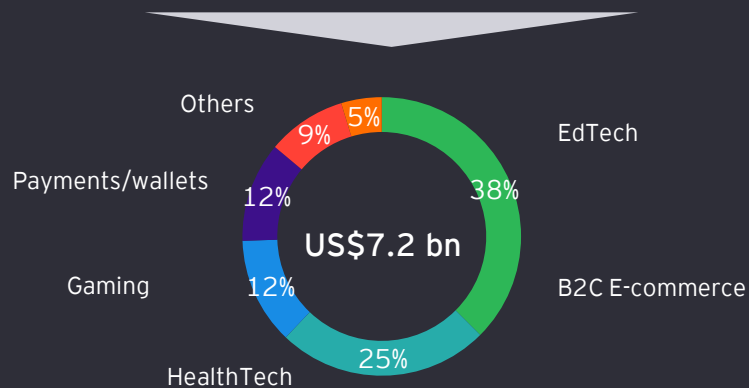
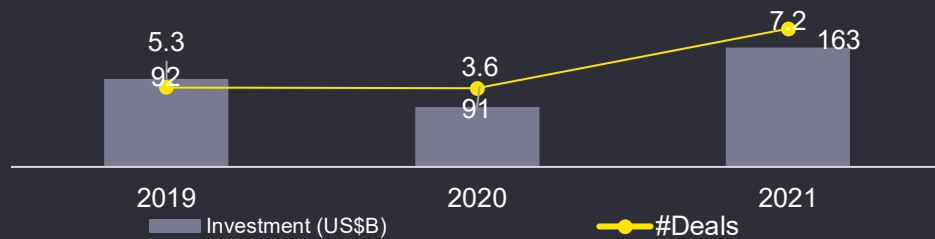


The e-commerce and internet space continues to witness consolidation as businesses leverage collaborations to drive growth

Consolidation appears to be the theme running across different e-commerce sectors as industry players continue to drive Inorganic growth through partnerships, acquisitions and alliances. The key drivers for increasing M&A activity include acquisition of technology capabilities, expansion into new markets and geographies and diversification of portfolio. In 2021, the industry saw increased M&A deals as businesses returned back to growth and strategic investments and collaborations came back onto their agenda.

Convergence and consolidation in the sector is reinforced by the need to innovate, expand, diversify and differentiate

E-commerce and Consumer Internet M&A



Creation of industry ecosystems

Partnerships around data and technology

Investments in new (hybrid) technologies

Expansion in adjacent areas

Exploring new business models

Source : EY analysis, Tracxn



The industry is witnessing increased M&As as every business strives to become a technology company

Legacy businesses such as traditional banks and financial institutions, retail chains, healthcare and logistics companies are joining hands with internet and e-commerce start-ups to **transition from a product or a service-based business to a technology-based product/service business**. While some of these traditional players are leveraging M&As to enter into the online markets and increase their total addressable markets, others are looking to acquire technology capabilities to digitize their operations, enhance customer experience, optimize internal processes and improve employee experiences. M&A among internet and e-commerce businesses also shows continued momentum with consolidation in some segments, and portfolio expansion and diversification in others



Expand

- ▶ A leading Indian retail chain has acquired an online shopping platform to expand its presence in the e-commerce space
- ▶ The EdTech space is witnessing increased consolidation with big ticket size deals as existing players continue to expand
- ▶ E-commerce firms acquiring online pharmacy to expand into adjacent segments
- ▶ Fintech start-ups forayed into payments/wallet landscape through acquisitions

Expand product portfolio, customer base or geographical presence



Innovate

- ▶ An Indian healthcare firm acquired a health services firm to digitize health infrastructure in India
- ▶ Leading banks are acquiring payments solutions to provide digital payment services to their account holders
- ▶ An NBFC operating in rural areas acquired a digital platform to provide financial services to the unbanked through digital channels

Innovate across business model, customer experience, internal processes



Create

- ▶ Indian conglomerates are acquiring platform-based start-ups across different sectors such as online retail, online pharmacy, payments, hyperlocal etc. and offering an integrated experience
- ▶ A leading Indian e-commerce platform has already integrated multiple offerings on its platforms across fintech, online travel, OTT content and logistics technology segments in its efforts to build a super app

Build an integrated network of offerings through a 'super-app'



2021: The year of unicorns and IPOs





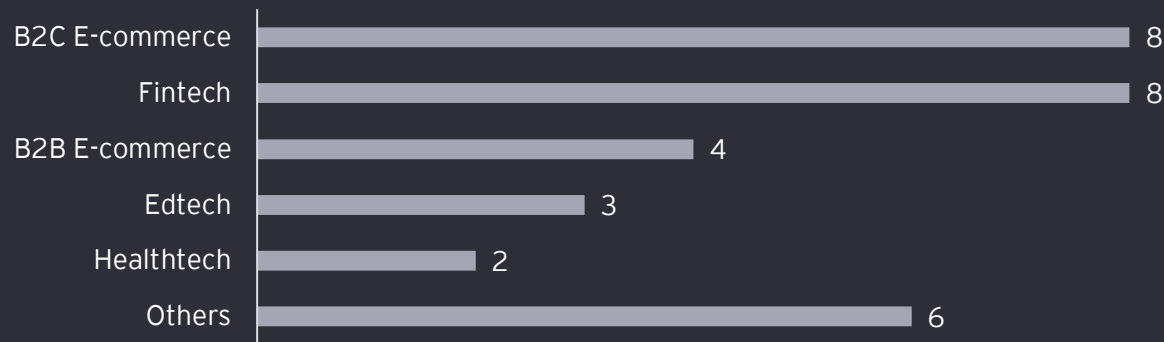
India is becoming a unicorn hub, led by E-commerce and Internet start-ups

The Indian start-up ecosystem saw 46 unicorns in 2021, more than doubling the total number of unicorns to 90. The e-commerce and Consumer Internet sector was a major contributor in the unicorn space, led by the B2C and B2B e-commerce, fintech and edtech segments. Internet-based businesses have seen exponential growth in the past 18-24 months, acquiring many first time customers as well as witnessing increased activity from existing customers, as consumption models evolved and consumers went digital as a result of the COVID-19 pandemic. And these trends do not seem to be short-lived. Two months into 2022, and we already have nine unicorns in the country, out of which four are E-commerce and Internet companies.

1 out of 13 unicorns globally have been born in India.

30+ E-commerce and Internet unicorns in India out of total 46 unicorns in 2021.

E-commerce unicorns in 2021 by sectors



Source : EY analysis

60 E-commerce and Internet start-ups in the **soonicorn** club as of January 2022, poised to become unicorns by the end of 2022.

48% decrease in average time to turn unicorn for start-ups founded after 2012 compared to before 2012.

Another indication of the maturing digital ecosystem in the industry is the increase in speed with which start-ups are turning unicorns. While start-ups founded in or before 2011 took 9.3 years on an average to become a unicorn, those founded in or after 2012 took an average of 4.8 years to enter the billion dollar club.⁹⁶ The year 2021 also saw one of the fastest unicorns ever, with B2C e-commerce firm turning unicorn in six months.

2021 saw the **fastest** Indian unicorn ever, a B2C e-commerce firm.





India has witnessed a strong influx of E-commerce and Consumer Internet IPOs in 2021

The year 2021 has been a landmark year for IPOs in India, with record proceeds of US\$17 billion (up 300% y-o-y) for the first time in twenty years.⁹⁷ The E-commerce and Internet sector witnessed multiple IPO listings across the fintech, B2C e-commerce, gaming and travel and hospitality segments in 2021, with household names such as Zomato, Paytm and Nykaa making their stock market debut.



US\$7.1b
Funds raised by new-age businesses in 2021



15 years
Average time for an Indian start-up IPO, to decrease by 50% by 2026

What makes the Indian IPO market hot for start-ups?

Young investors

- ▶ **Decrease in median age** of investors to ~30, who resonate with new-age start-ups and have higher risk appetite
- ▶ More and more investors from **tier 2 and tier 3 cities**
- ▶ **Demat account penetration** rose from 3% in FY20 to **5%** in FY22

Ease of investing

- ▶ **UPI** added as a **mode of subscribing** in 2019, now making **40%** of retail IPO subscriptions⁹⁸
- ▶ Emergence of multiple **investment brokering platforms** to simplify investments for retail investors

Regulatory reforms

- ▶ **Innovators Growth Platform** by SEBI to make IPO more accessible for start-ups
- ▶ **Threshold trigger** for open offer relaxed from 25% to 49%
- ▶ Easing **delisting requirements** and relaxation in guidelines for **migrating to main board**

Key Internet and E-commerce IPOs in 2021

	Nazara	Zomato	Nykaa	Paytm	Policybazaar	Easemytrip	RateGain	CarTrade	Fino Payment
IPO date	March	July	Oct-Nov	November	November	March	December	August	Oct-Nov
Valuation sought	\$460 mn	\$10 bn	\$7.4 bn	\$19 bn	\$6.1 bn	\$275 mn	\$600 mn	\$1 bn	\$500 mn
Subscriptions	175.46	38.25	81.78	1.89	16.59	159.33	17.41	20.29	2.03
Market cap*	\$728 mn	\$8.4 bn	\$8.3 bn	\$6.7 bn	\$3.9 bn	\$789.1 mn	\$424.2 mn	\$319.7 mn	\$282.7 mn

Source : Inc42, EY analysis, company filings, Capital IQ
*As on listing day





With companies taking the public route, evaluation of IPO readiness becomes a key success factor

The IPO trends in the E-commerce and Internet sector are expected to continue in the next couple of years, with 10+ companies preparing for their listing in 2022, and a few more in talks with advisors and in early stages for their IPO preparation. With a public listing on the radar of multiple start-ups and given the unpredictable nature of IPO markets, it is essential for businesses to assess their IPO readiness as part of the IPO preparation.

There are multiple factors that need to be taken into consideration as part of an IPO readiness assessment to understand whether going to the public markets is the right strategy for an organization to achieve its business objectives. We have explored some of the key questions here that every company needs to ask before taking the IPO route to growth.

Key questions to ask when planning for an IPO



Have you evaluated other alternatives (sale to corporate, PE/VC, private placement) to be sure IPO is the right strategy to raise capital?

1



Have you chosen the right stock exchange and listing option to determine regulatory requirements?

2



Do you have an alternative financing strategy to execute instead of an IPO?

3



Do you have a management team with experience in IPOs?

4



Have you created the corporate governance policies that inspire shareholder confidence?

5



Do you have a strong infrastructure to meet new regulatory requirements around finance, tax, and IT processes?

6

A thorough IPO readiness assessment will guide the company through a successful transformation from private to public status and help achieve a strong debut in the capital markets. Getting IPO readiness right means implementing change throughout the business, organization and the corporate culture.



Future outlook



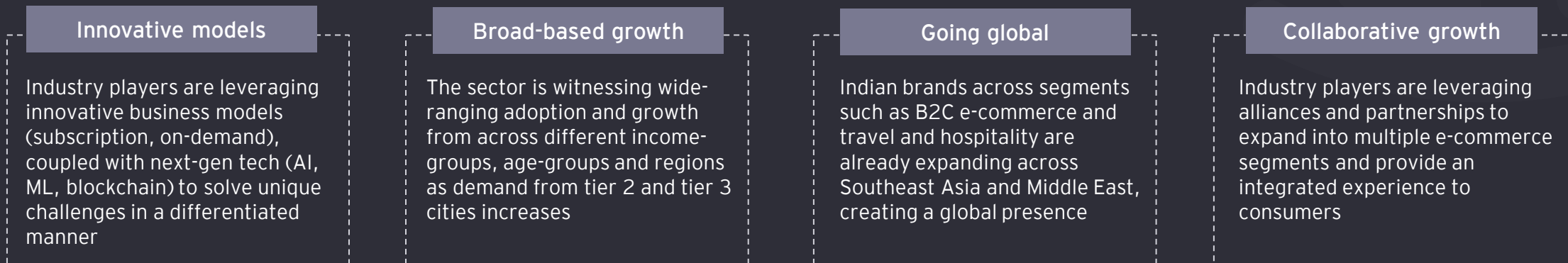


The future of Indian E-commerce and Internet will be driven by innovation and expansion

The E-commerce and Internet sector in India has seen phenomenal growth in recent years, as some segments such as B2C e-commerce, payments and hyperlocal continue to mature while others such as agritech, social commerce are rapidly scaling. The emergence of a new generation of entrepreneurs building world-quality platforms and products is further propelling the growth of the sector. And supporting these efforts is the strong support from the Government of India through initiatives such as Start-up India, Digital India and Aatamanirbhar Bharat as well as focus on building a favourable regulatory environment. All these factors are expected to drive strong double-digit growth for the Indian E-commerce and Consumer Internet Sector.

The industry players have been leveraging innovative methods of service and product delivery to the consumers and with evolving consumption models, this trend to expected to continue. E-commerce and Consumer Internet companies are not only looking to drive broad-based growth from within the country but are also expanding into international markets, creating global brands from India. As companies expand into newer markets, they are collaborating to create a digital ecosystem offering a network of integrated services and offerings to create a one-stop-shop experience for customers.

Future growth engines for E-commerce and Consumer Internet in India



India is poised to be among the leading e-commerce and Consumer Internet markets globally in the next few years both by being a leading consumer of Internet-based products and services, as well as the leading producer of companies catering to these demands and competing at a global level.



Annexures



Annexure I: Overall funding summary

PE/VC Summary

Sector	2018		2019		2020		2021		Jan-Mar '21		Apr-June '21		July-Sept '21		Oct-Dec '21	
	\$ of Funding	# of Deals	\$ of Funding	# of Deals	\$ of Funding	# of Deals	\$ of Funding	# of Deals	\$ of Funding	# of Deals	\$ of Funding	# of Deals	\$ of Funding	# of Deals	\$ of Funding	# of Deals
Edtech	742	18	325	28	1,833	59	3,641	75	634	23	667	12	1,837	24	503	16
Hyperlocal	1,637	15	617	23	1,642	30	2,274	23	258	7	1,311	4	484	5	475	12
FinTech	348	23	1,391	68	982	63	9,015	122	600	23	388	20	6,031	41	1,995	38
Social	200	14	481	41	565	53	3,428	56	145	12	1,040	11	1,707	20	536	13
Logistics Tech	78	10	984	24	463	23	1,451	34	23	2	836	9	431	17	161	6
B2C (Horizontal & Vertical)	1,002	32	1,241	45	360	36	5,801	62	441	10	124	4	4,013	21	981	23
Online Classifieds & Services	236	11	426	34	417	18	1,828	27	13	4	248	6	657	8	909	9
Gaming	104	4	114	10	346	10	914	18	589	7	20	3	260	5	45	3
Wallets/Payments	564	8	1,275	15	334	21	2,471	25	176	7	773	6	510	6	1,012	6
Mobility	387	16	883	35	252	20	1,610	21	12	2	160	5	947	9	492	5
HealthTech	260	22	537	31	236	34	1,724	59	447	14	386	10	617	23	274	12
B2B	540	16	923	22	138	22	2,339	44	597	14	331	11	762	13	753	8
Travel & Hospitality	1,026	8	1,152	19	131	10	1,170	12	208	4	202	2	719	3	40	3
Agritech	41	1	156	14	49	17	869	42	52	5	45	4	82	10	437	19
Others	229	16	163	20	435	28	318	21	64	8	149	6	106	7	-	-
Total	6,652	196	10,341	401	8,183	444	38,864	641	4,258	142	6,680	113	19,164	212	8,613	173



Annexure II: Breakdown of ticket sizes

Segment	2020								2021							
	0-15mn		15-50mn		50-100mn		100mn+		0-15mn		15-50mn		50-100mn		100mn+	
	Deals	Companies	Deals	Companies	Deals	Companies	Deals	Companies	Deals	Companies	Deals	Companies	Deals	Companies	Deals	Companies
Ed-Tech	48	45	3	3	1	1	7	2	50	46	12	9	4	4	9	6
Hyperlocal	16	15	5	4	4	2	5	3	16	14	4	4	2	2	7	5
Fintech	45	39	12	10	5	5	1	1	69	65	26	22	15	14	12	11
Social	45	42	5	4	2	2	1	1	35	34	7	6	4	4	10	5
Logistics Tech	19	13	2	2	0	0	2	2	20	19	5	5	4	4	5	3
B2C (Horizontal & Vertical)	31	25	3	3	2	2	0	0	34	29	11	11	5	4	7	7
Online Classifieds & Services	14	12	2	2	0	0	2	2	15	15	5	5	1	1	7	6
Gaming	7	7	1	1	1	1	1	1	10	10	3	3	3	3	2	2
Wallets/Payments	15	13	4	4	2	2	0	0	8	7	8	7	0	0	9	6
Mobility	16	14	3	3	1	1	0	0	9	8	3	3	4	4	5	3
HealthTech	31	28	2	2	0	0	1	1	41	40	10	7	2	2	5	4
B2B	19	16	3	3	0	0	0	0	28	22	3	3	3	3	12	6
Travel & Hospitality	8	8	1	1	1	1	0	0	6	5	1	1	1	1	4	2
Agritech	17	17	0	0	0	0	0	0	26	22	9	9	2	2	1	1
Others	23	21	3	2	1	1	1	1	8	8	6	5	0	0	0	0
Total	354	315	49	44	20	18	21	14	375	344	113	100	50	48	95	67



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